Daily Report

East Europe

FBIS-EEU-87-243
Friday
18 December 1987

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Pact Forces To Hold Maneuvers 28 Jan-6 Feb

LD171533 Budapest MTI in English
1419 GMT 17 Dec 87

[Text] Budapest, December 17 [MTI]—The appointed staffs and troops of the Hungarian People's Army, the People's Army of the Czechoslovak Socialist Republic and the Soviet Army, a total 13,000 soldiers, are to hold a military exercise codenamed "Friendship 88" on the manoeuvering field north of Lake Balaton in Hungary, from January 28 to February 6.

Hungary has informed the 34 signatory states to the Helsinki Final Act through diplomatic channels.

Pact Officials for Current Information Meet

LD171054 Warsaw PAP in English
2032 GMT 16 Dec 87

[Text] Warsaw, Dec. 16—The multi-member group for mutual current information composed of representatives of states-parties to the Warsaw Treaty held another meeting here on December 15-16 to exchange information and views on some present international issues.

General secretary of the Political Consultative Committee of States-Parties to the Warsaw Treaty, vice minister of foreign affairs of Poland, Henryk Jaroszek met with the participants of the meeting.

SFRY Delegate Addresses Vienna CSCE Forum

LD121451 Belgrade TANJUG in English
1847 GMT 11 Dec 87

[Text] Vienna, Dec 11 (TANJUG)—"For the Washington agreement to obtain its full meaning and produce long-term effects, the European countries should continue their efforts to make the continent more secure," Ambassador Ignac Golob, head of Yugoslavia's delegation to the Vienna Conference on Security and Cooperation in Europe (CSCE), told the meeting today.

In view of the nature of the problem, it was logical to deal with medium- and shorter-range nuclear missiles bilaterally, said Ambassador Golob. He pointed out however that other European issues should be tackled with the participation of all European countries.

Describing the CSCE as the right forum for multilateral action, Golob stated that the key issues were those of military security, conventional disarmament, all-European economic and technological cooperation in the field of human rights.

Head of the Finnish delegation Maatti Kahiluotto expressed hope that the favourable atmosphere from the Washington summit would be carried on to the CSCE Vienna meeting.

Other speakers at today's plenary session did not mention the outcome of the meeting between U.S. President Ronald Reagan and Soviet Leader Mikhail Gorbachev. The speech by U.S. Ambassador Samuel Wise was fully taken up with instances of the violation of human rights in East European countries. Soviet Delegate Viktor Shikalov announced a joint Soviet, Bulgarian, Romanian and Czechoslovak counterproposal on the protection of human rights within the CSCE framework.

CPCZ's Husak Resigns, Jakes Elected

AU171940 Tirana Domestic Service in Albanian 1900 GMT 17 Dec 87

[Text] CTK reports that a plenum of the Czechoslovak party's Central Committee today discussed Gustav Husak's request to be relieved of his position as the party's general secretary. According to the agency, the plenum approved his request. The plenum elected as the new general secretary Milos Jakes, member of the Presidium and secretary of the Central Committee of this party.

The Sound and the Fury of Superpower Summit

AU171135 Tirana ZERI I POPULLIT in Albanian 13 Dec 87 p 4

[Editorial: "The Reagan-Gorbachev Talks—Their Noise and Their Reality"]

[Text] On Thursday the secretary general of the Communist Party of the Soviet Union, Mikhail Gorbachev, wound up his 4-day visit to the United States of America, where he conducted intensive talks and meetings with President Reagan and top representatives of U.S. political and business circles.

The bilateral treaty eliminating medium-range nuclear missiles was signed at this meeting. On the basis of this treaty, the United States and the Soviet Union commit themselves to removing from Europe and dismantling all nuclear missiles with a range of between 500 and 5,500 kilometers. The precise number of missiles to be dismantled has still not been stated, although it is promised that all medium-range nuclear missiles will be removed.

The signing of this treaty and the Reagan-Gorbachev meeting itself aroused great euphoria, and yet concern too. The Soviets and Americans spared nothing to evoke the historic role and special responsibilities of the two superpowers for the destiny of the world. Many aspects of world developments, Gorbachev declared, depend on the solutions we devise, while Reagan amplified this idea still further: "We are making history, and it is in our hands to change the direction of history." Such notions express the hegemonistic mentality of the superpowers, who wish to lay down the law for the world.

It is precisely this noise and these ambitions that arouse concern. What in fact do the peoples gain from the removal of a category of missiles?

The treaty signed between the two superpowers solves no major issue, because the place these weapons occupy in the global nuclear missile arsenal of the U.S.A. and the Soviet Union is very small—3 percent. The destruction of a type or category of weapon does not eliminate the overall threat and the savage atomic blackmail that stems from the hegemonistic and aggressive policy of the superpowers and from the infinite arsenal of nuclear, strategic, cosmic, bacteriological, and conventional weapons they possess. The U.S. secretary of state, Shultz, assured the military groups of his country that even after the signature of the new treaty, "Four thousand of our nuclear weapons will remain in Europe, and they must stay there." If we bear in mind the "strategic parity" maintained by the Soviet Union, then the same nuclear potential will be similarly preserved in the countries of Eastern Europe.

Numerous no less noisy and promise-making agreements have also been signed at such previous U.S.-Soviet summit meetings, such as the SALT I and SALT II agreements, the agreement on preventing nuclear war, etc. But these agreements resulted in unprecedented accelerations of the arms race, and to greater nuclear weapons power in both quantity and quality. Now once again the two signatories of the treaty will still have and preserve the nuclear warheads, missile command systems, the plutonium, launching systems, and other equipment of the missiles to be withdrawn. As the West German news agency DPA reported on 7 December, the two sides will be able to reuse missile parts for other weapons systems not covered by the medium-range missile treaty. The clauses concerning verification do not guarantee any form of further inspection.

Boasting of the importance of the treaty on medium-range nuclear missiles, the United States of America and the Soviet Union seek to speculate with the great anxiety and concern of the peoples of the world, and particularly of Europe, over the dangers these weapons pose to their lives and security. Everybody knows that the superpowers did not ask Europe when they stationed their missiles there, and yet now they seek to depict this treaty as a great service done to our continent and its security. The European peoples did not want, and vigorously opposed, the deployment of U.S.-Soviet medium-range nuclear missiles. They constantly set up demonstrations, and put unceasing pressure upon the superpowers and the European states that accepted these missiles to have them removed at once.

The extravagant pacifist rhetoric used by the two countries' leaders in Washington during the last few days cannot conceal the fact that this treaty was signed under the pressure of military, political, economic, international, and internal factors within the two superpowers' nations, which are just now seeking a temporary and partial slackening of the gigantic and highly expensive arms race. The domination of this military treaty over the whole of the Reagan-Gorbachev meeting throws light on the military element which is the dominant aspect of U.S.-Soviet relations. The United States of America and the Soviet Union, alongside their efforts for military supremacy over one another on a global or regional scale, are compelled to start haggling to establish military equilibrium, to determine the quotas and approximate levels of potential necessary to be world superpowers, to ensure their respective spheres of influence, and to impose military blackmail on other peoples and countries. The visit to the Pentagon by the Soviet chief of staff

and first vice minister of defense, Sergey Akhromeyev, who accompanied Gorbachev during the summit, was not simply a matter of protocol. It was also made to show the great importance the military aspect of relations between the two superpowers will assume in the future. It is true that the treaty to eliminate medium-range missiles eclipsed other problems covered by the Reagan-Gorbachev talks, yet such issues as regional conflicts, where the superpowers are always interested in discussing, but also in hiding many things, were not excluded. This time nothing was said regarding the extent of the discussions or the way regional conflicts were presented. Nor was any specific agreement announced on one region or another. The delegations' spokesmen merely reported that the Persian Gulf, the Middle East, Afghanistan, Nicaragua, South Africa, etc., were discussed, and that the talks were conducted in such a way as to ensure that these conflicts should not undermine positive developments in U.S.-Soviet bilateral relations. The fact that these discussions took place, and the standpoints from which they were considered, testify to interference on the part of the superpowers in the internal affairs of other peoples, an interference from which these peoples and regions suffer, because it is the superpowers who are responsible for their conflicts; it is they who supply arms and cause divisions and feuds. The superpowers seek to impose their own conclusions, which are contrary to the interests of the peoples, but which correspond to what the Soviets want to do in Afghanistan, or the Americans in Nicaragua, or both together in the Persian Gulf and the Middle East, in Africa, or Central America. The equal security and the common interests that Reagan and Gorbachev spoke of are endeavors to manipulate regional conflicts and tensions on the basis of the interests of U.S. and Soviet strategy for world domination.

Another special aspect of the present U.S.-Soviet summit was the discussion of the problem of human rights. First the Americans and then the Soviets, with their campaign of glasnost and democratization, are making the problem of human rights a basic ploy in their foreign policy. They do not talk about human rights in order to find a real solution or to alleviate the serious violations of the rights of peoples and men throughout the world, because the superpowers themselves are the chief violators of the rights of peoples and men, oppressing the working class and the working masses at home, and organizing aggression abroad, dealing in state and individual terrorism, stunting freedom of thought and creativity throughout the world. They discuss the problem of human rights with one another so as to proclaim themselves defenders of these rights and to hide their own flagrant violations of human rights, to teach other people how to behave, and tell them what rights and freedom mean. Of course the United States of America and the Soviet Union have the right to maintain relations, hold summit meetings, and discuss their problems. Peoples and sovereign states are not against such meetings, as long as they do not impair their interests and when they are not held at the expense of other countries. But Soviet-U.S. summit meetings have long since been turned into a ritual implementation of bipolar policy, creating a hierarchy of world domination and involving the manipulation of all the world's problems by the two superpowers.

It is understandable that the Soviet and U.S. diplomatic, political, and propaganda apparatus should make an extraordinary fuss about the Reagan-Gorbachev summit and its results, but the people gain nothing from all this commotion. American and Soviet leaders have met many times in summit meetings. Brezhnev met American presidents five times during the last decade, and Gorbachev has met Reagan three times in the past 2 years, but the world has not become more secure, and the peoples have profited nothing. The superpowers promise that they are saving the world from the nuclear threat, and from nuclear catastrophe, but who is threatening the world with an atomic holocaust? Who possesses the practical means, and who pursues the policies that lead to such a fate? It is precisely those same superpowers who trample underfoot the interests of the peoples and of sovereign states, and threaten peace and international security. The lessons of history must be remembered, and people should not forget them. Therefore the people, the forces of realism, and men of realism raise their voices to assert the need to oppose more resolutely the policies, intrigues, and conspiracies of the imperialist superpowers. The turbulent international situations of the world leave no room for illusions about the goodwill of the superpowers, who pursue an ever more aggressive and dangerous course, threatening the freedom and independence of the people of the world, and with incalculable consequences for the destiny of mankind. Developments in recent days are a strong proof of the correctness of the profound Marxist-Leninist analysis of the superpowers' policies and of U.S.-Soviet relations made by the party at its ninth congress. The report delivered by Comrade Ramiz Alia stressed that "Practice has shown, not only today, but throughout the era of imperialism, that agreements between the great powers, reached in the name of avoiding war, strengthening peace, imposing order, limiting arms, and so forth, have all ended in cynical haggling to share out territory and zones of influence, and to joint action against revolutionary and liberation movements. Ententes and detentes can change their shapes and names, but their purposes remain the same."

Zhikov Congratulates CSSR's Jakes

AU171950 Sofia Domestic Service in Bulgarian 1830 GMT 17 Dec 87

[Text] Comrade Todor Zhivkov has sent a greetings message to Milos Jakes on his election as general secretary of the CPCZ Central Committee. "Your election to this most responsible party post is an expression of the great confidence of the CSSR communists in you and recognition of your merits in constructing the socialist society in fraternal Czechoslovakia and in strengthening friendship and cooperation with the USSR and the other countries of the socialist community," the message reads. "I express my confidence and the confidence of all Bulgarian Communists," Comrade Todor Zhivkov says, "that at the present responsible stage the Bulgarian and CSSR peoples will walk hand in hand along the road of socialism, peace, and progress. From the bottom of my heart I wish you, dear Comrade Jakes, good health, creative energy, and great achievements in your responsible activity in putting into effect the instruction of the 17th CPCZ Congress."

Filipov Meets CPSU CC Official

AU151810 Sofia RABOTNICHESKO DELO in Bulgarian 12 Dec 87 p 6

[Text] A working group from the CPSU Central Committee, headed by Rafael Ultanbayev, responsible official at the CPSU Central Committee apparatus, visited our country from 7 to 11 December 1987.

The group was received by Grisha Filipov, member of the BCP Central Committee Politburo and Central Committee secretary. The talk centered on questions of party leadership in the work for the improvement of the economic mechanism and on further increasing the efficiency of economic and scientific-technical cooperation between the People's Republic of Bulgaria and the USSR, in implementing the decisions of the 13th BCP Congress and those adopted by the 27th CPSU Congress.

The Soviet guests held meetings at various ministries and departments in the Oblast Plovdiv BCP Committee. They visited economic organizations and enterprises in the country.

Opinions on a wide range of specific questions of mutual interest were exchanged during the meetings, which took place in a cordial and friendly atmosphere.

The Soviet visitors departed for home 11 December.

Kubadinski Talks With Afghan Delegation

AU171632 Sofia RABOTNICHESKO DELO in Bulgarian 15 Dec 87 p 6

[Unattributed report: "Wide Field for Activating Friendship"]

[Text] A delegation of the National Front of Afghanistan arrived in Bulgaria yesterday. It is meeting with a delegation of the Fatherland Front National Council.

At the talks held, Pencho Kubadinski, chairman of the Fatherland Front National Council and member of the BCP Central Committee Politburo, briefed the guests on the country's socioeconomic development and on the transformations now taking place. He clarified the National Front's role in the restructuring process and spoke about tasks that Bulgaria's largest mass organization is undertaking to implement the party's plans.

Abdul Rahim Hatif, chairman of the Central Council of the National Front of the People's Democratic Republic of Afghanistan, discussed the most important features in Afghanistan's development since the victory of the People's Democratic Revolution of 1978. He devoted particular attention to the policy of national reconciliation and the consistent efforts for peaceful settlement of the situation surrounding Afghanistan. The recently adopted Constitution is of immense importance for the country's future, and this historic event is in itself an exceptionally important step in national reconciliation policy. The leader of the Afghan delegation discussed the work of the National Front, which unites all democratic forces and religious organizations.

Various aspects of Bulgarian-Afghan cooperation were also discussed. The chairman of the Fatherland Front National Council noted that the victory of the April Revolution in Afghanistan is also a crucial turning point in the development of our bilateral relations. He expressed unreserved support for the efforts to achieve final implementation of the national reconciliation policy. The aim is to create an independent, nonaligned Afghanistan and to achieve peace and stability in the region.

The opportunities were also reviewed for expanding the links between the Fatherland Front and the National Front of Afghanistan.

Merabuddin Paktiawal, the Afghan ambassador to Bulgaria, was present at the meeting.

The visiting delegation from the National Front of Afghanistan was received yesterday by Petur Tanchev, secretary of the Bulgarian National Agrarian Union [BZNS].

He traced the historic path of the BZNS, one of the world's oldest agrarian parties, stressing the great importance of the 60 years of cooperation between the BCP and the BZNS. He shed light on the Fatherland Front members' contribution to the construction of socialist Bulgaria.

The guests were also briefed on the international activity of the BZNS, which is characterized by its exceptionally fruitful links with almost 130 kindred parties around the world.

The leader of the delegation expressed thanks for the solidarity shown toward the Afghan people in defense of its revolutionary achievements. The guests displayed great interest in the experience of the BZNS in the development of both socialist agriculture and in social acquisitions of the peasants in Bulgaria.

Certain issues in the present international situation were also touched upon, and the results of the Washington meeting between Mikhail Gorbachev, general secretary of the CPSU Central Committee, and U.S. President Ronald Reagan were welcomed.

The Afghan ambassador to Bulgaria, Merabuddin Paktiawal, took part in the talks.

Syria's Transport Minister Visits, Holds Talks

Received by Atanasov

AU151540 Sofia BTA in English
1137 GMT 15 Dec 87

[Text] Sofia, December 15 (BTA)—Mr Georgi Atanasov, chairman of the Council of Ministers, received Mr Yusuf al-Ahmad, Syria's minister of transport.

It was stressed that the cooperation between the two countries in transport is undergoing successful development and the opportunities for its further broadening were viewed.

Signs Protocol, Discusses Contacts

AU171938 Sofia BTA in English
1901 GMT 17 Dec 87

["Bulgaria, Syria: Transport Cooperation"—BTA headline]

[Text] Sofia, December 17 (BTA)—Today Bulgaria and Syria expressed their interest in enhanced direct contacts between their air-, sea-, rail- and road-carriers and transport engineering companies.

The further promotion of transport links and the improvement of the passenger and cargo traffic were high on the agenda of the talks between the two countries' transport ministers, Mr Vasil Tsanov of Bulgaria and Mr Yusuf al-Ahmad of Syria. With the help of new transport technologies, patterns and options the two countries will be able to handle an increased amount of transit transportation across their respective territories.

The ministers considered the opportunities for wider cooperation between the Bulgarian and the Syrian airlines.

The sides agreed on extending their cooperation in the remodelling and updating of rail transport.

They also outlined a number of measures to facilitate and activate the two-way sea and road haulages.

The ministers signed a protocol on the talks they held.

Balkan Ecological Conference Concludes

AU171828 Sofia BTA in English
1706 GMT 17 Dec 87

[Text] Sofia, December 17 (BTA)—A fine beginning of future ecological cooperation among the Balkan countries: This conclusion puts in a nutshell the results of the meeting which government experts from Albania, Bulgaria, Greece, Romania and Yugoslavia completed here.

At their discussion today, held on the constructive and candid note which characterized the meeting since it began, the participants exchanged a wide range of ideas and suggestions on the possible forms of cooperation on a multilateral and bilateral basis.

The opinion was expressed that the idea to unite the efforts toward environment conservation in the Balkans is consistent with the Balkan countries' shared desire to maintain peace and to turn the peninsula into a nuclear- and chemical-weapon-free zone.

Identifying numerous areas of interaction, the experts reiterated their conviction that it is imperative to activate contacts to solve the Balkans' ecological problems.

The meeting was organized in connection with Mr Todor Zhivkov's initiative for Balkan ecological protection. The government experts adopted the idea to continue the dialogue and hold a second meeting next year.

Before concluding their meeting, the participants adopted a joint announcement saying that at the first meeting of government experts (Sofia, December 16 and 17, 1987), held in a spirit of good-neighborliness and cooperation, the delegations have exchanged information on the state of the environment and on their respective national programs for environmental protection, on the ways and opportunities for inter-Balkan cooperation, and have shared specific ideas and suggestions to this end.

The experts expressed their countries' shared interest in and willingness for more wide-ranging and varied forms of ecological cooperation, as well as their preparedness to hold and to participate in future meetings of Balkan government experts on these matters, the announcement says.

Mladenov Receives Participants

AU171921 Sofia BTA in English
1744 GMT 17 Dec

[Text] Sofia, December 17 (BTA)—Today Mr Petur Mladenov, Bulgaria's minister of foreign affairs, received the government experts from Albania, Greece, Romania, Yugoslavia and Bulgaria, who attended a Balkan Ecological meeting here yesterday and today.

Mr Petur Mladenov expressed satisfaction with the fact that for the first time, representatives of neighbouring friendly states have come to Sofia to discuss in a constructive atmosphere open of the major problems of our time: environmental protection.

Mr Petur Mladenov emphasized that being an initiator of the meeting, Bulgaria is prepared to do everything necessary for future cooperation. She is a partner firmly resolved to work in the name of friendship, good-neighbourliness and understanding.

For their part, the heads of the foreign delegations emphasized the timeliness of the Bulgarian initiative and commended highly the chance they have had to hold a candid dialogue on the problems of ecological protection and to seek ways for solving them.

BCP Burgas Oblast Committee Founded

AU171936 Sofia Domestic Service in Bulgarian
1830 GMT 17 Dec 87

[Text] The constituent conference of the BCP Burgas Okrug Organization took place in Burgas on 17 December. A speech by Nikolay Zhishev, first secretary of the BCP Burgas Oblast Committee, and statements by the delegates analyzed the achievements of past 2 years of the 5-year plan period. It also outlined the main directions of the work related to the accelerated development of the economy and restructuring in the spirit of the decisions of the 13th BCP Congress and the BCP Central Committee July and November plenums.

In his speech Comrade Georgi Atanasov discussed in detail about the large-scale reforms which are being implemented in the country, and expressed confidence that the BCP Burgas Oblast Organization will put into effect the instructions on qualitative growth in all areas of life.

The first plenum of the newly elected BCP Burgas Oblast Committee took place. Nikolay Zhishev was elected first secretary, and Ivan Ovcharov, Petur Peykov, and Vasil Zlatev, secretaries of the BCP Burgas Oblast Committee.

Nuclear Plant Anti-Earthquake Measures Noted

AU091700 Sofia BTA in English
1443 GMT 9 Dec 87

["Safe Operation of Nuclear Power"—BTA headline]

[Text] Sofia, December 9 (BTA)—The steady enhancement of safety is a foremost priority in the accelerated development of the nuclear power industry. The two first generating units of the Kozloduy nuclear power plant with their reactors of the VVER-440 type held out against the 1977 earthquake, epicentred in Vrancea, Romania. Still, the calamity prompted the outline and implementation of a number of precautions to upgrade the units' seismic resistance. They were outfitted with additional hydraulic shock absorbers, with safety fuses for the volume compensators, with automated systems of seismological monitoring and reactor protection, and with earthquake-resistant storage batteries. Along with that, the plant acquired an emergency cooling system and completed the construction of a spent-fuel long-term storage facility. Additional measures were taken to enhance the reliability of the power supply systems and to tighten the radiological monitoring regulations.

The last two years saw more measures to upgrade the safety of the reactor housings, and a number of gauges and measuring devices were replaced.

The first of two reactors of the VVER-1000 type was recently plugged into the national power grid. They meet all standards required in the CMEA and IAEA technical specifications now in force.

The safety systems with which the unit is equipped guarantee its safe operation in all design modes. The systems have three back-ups.

The reactor and the primary cooling circuits are sealed in a special prestressed concrete dome which, apart from being intended to contain the possible effects of a reactor accident, shields the equipment and the safety systems from outside interference.

CPCZ Central Committee Session Begins 17 Dec

Jakes Fetes Husak

LD172033 Prague Domestic Service in Czech 1730 GMT 17 Dec 87

[Text] The 7th session of the CPCZ Central Committee began today in the Spanish Hall of Prague Castle. The session was opened by Gustav Husak, general secretary of the CPCZ Central Committee. At the outset of the session its participants paid their respects to the memory of Academician Zdenek Snitil, a deceased member of the CPCZ Central Committee. Afterward, the Central Committee elected working commissions.

During the morning's proceedings, which were chaired by Alois Indra, member of the CPCZ Central Committee Presidium, Comrade Gustav Husak took the floor. He asked to be released from the office of the general secretary and member of the CPCZ Central Committee Secretariat. He said that his request had been endorsed unanimously by the CPCZ Central Committee Presidium. He proposed on his own behalf and on behalf of the CPCZ Central Committee Presidium that Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, be elected into this office.

The following spoke in the debate: Jiri Brueckner; Gejza Slapka; Marie Musilkova; Vladimir Bajko; Vaclav Sipek; Tomas Travnicek; and Antonin Kapek. The Central Committee approved Comrade Gustav Husak's request and elected unanimously Comrade Milos Jakes the general secretary of the CPCZ Central Committee. The Central Committee adopted on this item of the agenda at this morning's session, a resolution in which it paid a high tribute to the work done by Gustav Husak as general secretary of the CPCZ Central Committee. They thanked him for his many years of creative and fruitful activity at the head of the party and voiced the conviction that by his experiences he would continue to contribute actively in the office of president of the Republic and member of the CPCZ Central Committee Presidium of the successful resolution of the demanding tasks of the development of socialism in our homeland.

Comrade Milos Jakes spoke at the end of this morning's session.

Comrade Milos Jakes expressed thanks for the great trust placed in him by his election into the office of general secretary of the CPCZ Central Committee. He said: I value this trust. I realize the great exactingness of this office and its high responsibility. I assure you that I will do my utmost to ensure that our party successfully fulfills its revolutionary mission and the great tasks placed before it by the present time. At the same time I would like to thank Comrade Gustav Husak for the great work he has done at the head of the party's Central Committee for more than 18 years. In Comrade Husak we have always seen and continue to see the example of a man dedicated to the party. He has linked his life with the struggle of the working people for social justice, for freedom, and the flourishing of our country, for brotherhood between Czechs and Slovaks, and for the happy life of our people in peace. This has been demonstrated by his activity from his first steps in the left-wing students movement, and in the political and party work during the struggle against the bourgeoisie and ascendent fascism. He played an important role in the national liberation movement and, in particular, in the Slovak national uprising, and during the period when foundations were laid for the new people's democratic republic, in which he has held responsible party and state posts.

However, he also lived through the years of unjust enforced silence, Comrade Milos Jakes said. Comrade Husak played an important part in the overcoming of the serious social crisis in our country at the end of the sixties, in the consolidation of the party and society, and its drive to build an advanced socialist society. In April 1969, when he was elected first secretary of the CPCZ Central Committee, he took on his shoulders difficult tasks which at that time he expressed in the words: To lead the party and society out of the crisis. He based himself on sound Marxist-Leninist forces in the party and society and he worked, using all his energies and courage, to ensure that the consequences of the crisis were overcome by political means and that the majority of our people were won over for the realization of party's policy. He pushed through the Leninist principles in the activity of our party, collectiveness, and a high degree of exactingness and responsibility, Milos Jakes stressed.

His name is linked with the all-round deepening of friendship and alliance with the USSR, its Leninist Communist Party, and between our peoples and the peoples of the other fraternal countries.

As an important functionary in the international communist and workers movement, he contributed actively to the reinforcement of its unity. In the office of the general secretary of the party Central Committee, Comrade Husak became an inspirer of utilizing the stimuli and experience of the CPSU, its 27th congress, and the follow-up session of the CPSU Central Committee. He also inspired our decision to map out at the 17th CPCZ Congress the strategy of intensifying the socio-economic development of Czechoslovakia, to follow the path of restructuring the economic mechanism, and the democratization of all spheres of our life.

For your years-long work as head of the CPCZ, Comrade Milos Jakes said, for everything that you have done for the party and our country in this office, I sincerely thank you, Comrade Husak. I am convinced that at this moment I am speaking on behalf of the Central Committee, all party members, and all our people. We hope that you will work as president of the CSSR and as a member of the CPCZ Central Committee Presidium for many years, and that your rich political experience and abilities continue to serve our party and socialist Czechoslovakia.

Comrade Milos Jakes went on to say that at a moment like this, many people in our party, in our general public and abroad might ask whether the change of a general secretary would not also mean a change in the policy followed hitherto. The answer is clear: The program of the 17th congress on intensifying scientific-economic advancement, and the restructuring and democratization of our socialist society—the program which we shall work out further at today's session—continues to be the binding directive for our work. It is a realistic and highly humane program, aiming at the implementation of the main target of the party's policy—the all-round advancement of man, his creative abilities, raising the material and spiritual standard of the people, securing social justice, of life certainties [zivotnych istot], of civic rights, and liberties.

It is a program for fundamentally raising the performance of the Czechoslovak economy by means of intensifying its development, applying a broad scientific and technological program. The program aims at carrying out important structural changes in the national economy, expanding our cooperation with the Soviet Union and other socialist countries, our participation in socialist economic integration, and at the international division of labor. It is the policy of strengthening unity and cooperation with the CPSU and other fraternal parties, and the international communist and workers' movement for the benefit of developing socialism and strengthening peace.

At issue is the fact that we translate it into practice better than hitherto. It is toward this end that all our energies and the work of the CPCZ Central Committee must be aimed, Milos Jakes stressed.

We are approaching new tasks with the awareness that the party's policy expresses the objective interests of the working people and can only be carried out in close unity with them through their conscious initiative and activity. It proceeds from a consistent regard for the equal status of both fraternal nations—the Czechs and Slovaks and other ethnic minorities living in our state. We shall guide ourselves by the reliable Leninist principles that it is necessary always to consult people and create conditions in order to ensure that the working people consistently and directly increase their participation in decisionmaking processes concerning all important issues of society's life, and that their awareness of being masters in their own country must be reinforced.

In the interest of this, we must take care to ensure that the principles of social justice are asserted consistently, that we carry out strong social policy, and that we are not discouraged by any difficulties during the restructuring and the democratization of all spheres of society's life. Like the Soviet Communists, we, too, must be guided by the principle that more democracy means more socialism.

We shall continue to base ourselves during the socialist construction of our country on cooperation and friendship with the Soviet Union and the other socialist states, which is tried and tested over many years. This is the basic constant of our policy, our enduring certainty.

We fully support the offensive peace policy pursued by the Soviet Union and actively share in its realization. As Comrade Husak stressed at the festive meeting held in honor of the 70th anniversary of the Great October Socialist Revolution in Moscow, and I quote: Brotherhood and friendship with the Soviet Union is for us sacrosanct and we guard it as the most precious value.

The basis of the successful fulfillment of all aims we have set out and shall set out, Comrade Milos Jakes said, is the work of our party, its unity and capacity for action, which we have to continue to strengthen on the basis of real comradely relations and democratic centralism, not on mutual incriminations.

It is necessary to apply thoroughly the Leninist principles of the party's construction and activity; to deepen internal democracy in the party; not to suffer passivity; to observe the statutes of the party; to pay consistent attention to the purity and quality of the party ranks; to develop and improve in a creative way the work of the party in all spheres of social life; and to ensure that people who work in all areas are devoted to the party and socialism. Only in this way can the party maintain today's revolutionary process and to be its leading, vanguard force. We have sincere interest in the participation of the entire National Front and its organizations in the development of society, of everybody who wants to contribute to the socialist advancement of our homeland. What matters is that the party bodies and organizations and all communists continue to be an example of working activity, political commitment, socialist ethics, honesty and selflessness, that they lead the uncompromising fight against misusing one's position, against corruption and pilfering, and also against bureaucratism, laxity and lack of responsibility, lack of attention toward shortcoming, and other negative phenomena that are irreconcible with socialist morality and socialist law.

Every communist must contribute in this way to the raising of the party's authority. Only in this way shall we know that the people identify themselves with our intention and that the ideas of restructuring and democracy find expression in specific actions in every workplace and in the entire life of our society.

Restructuring will continue to make heavy demands on improving the standard of ideological-educational and entire ideological work. It is above all up to the Central Committee to ensure that this approach is implemented. The good functioning of the party Central Committee team spirit, its sound knowledge, raising its control function, and the active participation of all its members and candidates in the creation and implementation of

the adopted resolution. These comradely and really communist relations demand a critical and self-critical attitude to the work carried out.

The members of the party Central Committee must set an example of promoting the party policy.

The quality of the party Central Committee's activity must also contribute to this. This also applies to the work of lower party organs. We have a good program. We have an advanced party, we have reliable friends. We also have the support of the people, and the rich experience of the 40 years of building of socialism and of tackling complex social problems. We are learning from the successes, the mistakes, and the shortcomings that we are encountering on our path.

I would like to assure you that through my work I should like to contribute as much as I can toward a democratic and creative atmosphere prevailing in the Central Committee and in the entire party, in order that we might assess all questions completely openly, in time, and with critical spirit, as has been many times stressed by Comrade Husak, so that we might not only adopt resolutions, but, above all, do all we can in order that they might be fulfilled.

I should like to ask you for your support in this effort. This is the only way we can cope with the tasks before us. I should like to thank you yet again for the trust you have placed in me, Comrade Milos Jakes said.

Jakes on Future Policy

LD171812 Prague CTK in English 1657 GMT 17 Dec 87

[Text] Prague Dec 17 (CTK)—Czechoslovak Communist Party General Secretary Milos Jakes said today that at moments as this the question may arise whether a change in the post of general secretary will not mean also a change in policy.

In his address at the close of the morning session of the Czechoslovak Communist Party Central Committee meeting, Milos Jakes said "The answer is clear, the program of the 17th Congress (of the Communist Party-),...the program specified in detail at today's session remains the binding directive for our work".

He went on to stress that it is a program of fundamentally increasing the efficiency of the Czechoslovak economy through intensification and large-scale application of scientific and technological progress, a program of important structural changes in the economy, extending cooperation with the USSR and the other socialist countries and Czechoslovakia's participation in socialist economic integration and labour division. It is a policy of strengthening the unity and cooperation with the Communist Party of the Soviet Union and other fraternal parties, with the international communist and workers movement to the benefit of the development of socialism and strengthening of peace.

The policy of the party reflects the objective interests of the working people and can be pursued only in close links with them. It proceeds from consistent respect for the equal status of the two fraternal nations, the Czechs and Slovaks, and other nationalities living in this country.

"Just as Soviet Communists, we, too, must observe the principle that more democracy means more socialism", Milos Jakes said.

Czechoslovakia will continue to rely on the friendship and cooperation with the Soviet Union and the other socialist countries, he said, and added that Czechoslovakia fully supports the offensive peace policy of the Soviet Union, actively sharing in its implementation.

The successful achievement of all aims depends on the work of the party, its unity and action ability which must be strengthened on the basis of truly comradely relations, not on mutual attacks but on the basis of democratic centralism.

Further Reportage

LD172021 Prague Domestic Service in Czech 1730 GMT 17 Dec 87

[Text] The CPCZ Central Committee meeting continued this afternoon, chaired by Jozef Lenart, member of the party's Central Committee Presidium. Taking part were also members of the CPCZ Central Control and Auditing Commission, departmental heads of the CPCZ Central Committee, members of the CPSL Central Committee Presidium, departmental heads of the CPSL Central Committee, communists, members of the federal government, and other guests.

A report of the CPCZ Central Committee Presidium on consistent implementation of the line of the 17th CPCZ Congress, for speeding up economic and social development, for comprehensive restructuring, and for deepening socialist democracy was delivered by Milos Jakes, general secretary of the party's Central Committee.

He said that our society has reached the stage where we have to improve our guidance of its further development and where we have to do away with all that hinders our faster progress. In tackling questions of comprehensive restructuring, which is taking place on the initiative of and under the leadership of the CPCZ, restructuring of the economy has an important place. It is based on the fundamental and generally valid principles of socialism. What is involved is that the new economic mechanism should correspond to the demands of intensification of the economy and to increased efficiency, to stimulate

utilization of the results of science and technology, to aid the desired structural changes, and a broader involvement of our economy in the international division of labor, in particular socialist economic integration. All this is in the interest of a further growth of the people's material and cultural standards, strengthening their social security, and strengthening the role of Czechoslovakia in the socialist community.

The report of the party's Central Committee Presidium pointed to the fact that restructuring the economic mechanism is aimed at a comprehensive application and development of both aspects of democratic centralism, at a transition from a predominantly administrative to a predominantly economic method of management. This on the one hand envisions improving the quality and rationalization of central management, and on the other hand increasing the independence and the responsibility of enterprises on the basis of full financial autonomy and socialist self-management.

We envision a broader planned utilization of monetary relations, and in connection with this, there will be objectivization of wholesale and purchase prices and restructuring of the tax system. New understanding of management work also requires a rationalization of the organizational structure of central organs, as well as the structure of production technological and currency bases. Some principles of the restructuring of the economic mechanism are being verified within the framework of a comprehensive experiment whose implementation will expand further as of next year.

Comrade Milos Jakes stressed that restructuring means entering very harsh economic conditions. In many areas we will follow unknown paths. There are also certain risks. We are expecting a struggle for restructuring, but also a battle against illusions of automatic influence of the new system of management. In the nearest future it is mandatory to work out a program of transition toward a new economic mechanism and to embark without delay on its implementation. This requires an active approach by all of the working people, in particular, management employees.

The report of the CPCZ Central Committee Presidium highly praised the public discussion on the draft bills on state enterprise, agricultural cooperative farming and production, and consumer and housing cooperatives which resulted in over 100,000 suggestions and remarks from collectives and individuals. An overwhelming majority of those who took the floor in the discussion expressed support for the policy of the party and stressed the need and significance of restructuring the economic mechanism and the democratization of all spheres of the life of society. They supported the main directions and aims of the draft bills.

The restructuring of the economic mechanism, the report goes on to say, must be understood within the broad context of the overall social restructuring. It signifies the opening of new prospects for qualitative transformations of the whole of our life.

A number of conclusions were adopted at the CPCZ Central Committee meeting in March this year on fuller utilization of the existing forms and possibilities and on the expansion and trying of new elements of socialist democracy. They concern the galvanization of the national front's activity and that of the organizations associated in it, the National Committees and legislative bodies, and a broad application of the principles of public information. They also concern improving the work of the security, prosecution, and judiciary bodies in protecting the interests of citizens and of society.

Work has begun on the new CSSR constitution in line with the conclusions of the 17th party congress. The aim of all these measures is to create the conditions for a fuller development of the initiative and creativity of the working people so that people will really become responsible stewards at their workplaces.

Profound democratism, proceeding from the very essence of socialism, is however, bound up intrinsically with the strengthening of responsibility, order, and discipline in society. Restructuring calls for continually raising the standard of ideological work and in particular of the mass political work and propaganda and agitation, in the first place in the mass media. Ideological work must be competent and fully linked to practice, must pillory everything that is alien to socialism, encourage boldness, and help to mobilize forces within the party and society for consistent implementation of the conclusions of the 17th CPCZ Congress.

Comrade Milos Jakes went on to deal with the existing results in the fulfillment of the Eighth 5-Year Plan. He stressed that although the results of economic development were better than during the Seventh 5-Year Plan, and although the social program is being successfully implemented in principle, economic development is accompanied by a number of problems and shortcomings both subjective and objective.

The basic cause of the failure to achieve the planned growth of national income is the fact that the process of intensification has not been mastered, that is, higher utilization and valorization of production resources and economic potential. Scientific-technological development has not so far become the main factor of economic growth. We are not achieving the planned rate of increasing social productivity of labor. The rates of reducing the consumption of raw materials, other materials, and power are markedly lagging behind. The volume of stocks is disproportionately high. There are shortcomings in investment construction. The turning point in the quality of production has not been achieved. The efficiency of foreign trade with the non-socialist countries is low.

The overall view of the achieved results demonstrates that the state and economic organs have begun work on the substantially more demanding tasks of the Eighth 5-Year Plan in the old way. We know, Comrade Milos

Jakes stressed, that we could work better if we had done away with some of the slowing-down factors of the current system of management and planning. However, in the present, and less so in the future, we cannot tolerate, either in the center or in the individual enterprises, the predominantly subjective causes of the criticized shortcomings, the low standards of direct management, slipshod attitudes, indifference, and anti-social behavior such as devious methods in planning, various kinds of cheating in dispalying results, and other malpractices.

The report of the CPCZ Central Committee Presidium went on to note that, despite the above-mentioned problems in the creation of resources, the planned standards of all the main components of utilization of the national income are being substantially safeguarded. In harmony with the plan, there has been increase both in personal and social consumption. There has been implemenatation of some topical measures toward improving the material position of the working people, in important sections of production and nonproduction spheres. Significant measures have been adopted in the sphere of social assistance to families with children and to young married couples. Work on improving the pensions system has begun.

The development in personal and social consumption, however, must not be overrated, because it was achieved by using reserves. It follows from the evaluation of the economic results in the first 2 years of the Eighth 5-Year Plan that it is necessary to describe in specific terms the content of priorities in the economic policy in 1988, and the subsequent years of the 5-Year plan. This means concentrating priority attention on the reinforcement of balance in all spheres of the economy; striving for such a rate of growth of the national income that would be based on the increase of efficiency of the entire reproduction process. This will lead to the gradual removal of shortcomings in supply-demand relations, removal of imbalance in the balance of payments and of structural disporportion on the domestic market, and to draft and gradually implement a realistic program of structural policy, to lean more upon the possibilities of socialist economic integration, and upon cooperation with socialist countries, particularly with the USSR.

The CPCZ Central Committee Presidium has devoted much attention to the party's work in the conditions of restructuring. Throughout the entire body of the party, said Comrade Milos Jakes, greater activity and fighting spirit, and initiative connected with making use of more effective methods of work must become more prevalent. From these viewpoints the methods of our work from top to bottom must be reevaluated, beginning with the Central Committee and its bodies up to the committees of primary organizations. Whenever the party followed its mapped out targets firmly and in unity and won the support of the widest groups of the people for them, it was able to cope with its tasks. This is true today as well. People must be approached with trust, must be spoken to, must be consulted, their knowledge must be used, their views must be responsibly taken into consideration, and problems must be tackled with their participation.

In the activity of all party bodies and organizations it is necessary to consistently apply and develop the Leninist principle of democratic socialism and of collective leadership, deepen party discipline and the internal party democracy, improve the standard and efficiency of party control, and thoroughly implement party resolutions.

Our era puts new and higher demands on cadre policy. It is necessary at every level to improve the selection and education of gifted workers, and to take care for healthy changes of cadres more purposefully and more thoughtfully than we have so far. In party bodies and organizations more general support must be given to those who, with great political responsibility and courage, approach the tackling of topical and prospective tasks.

Party membership is incompatible with passiveness; it weakens the party's ability to act. Comrade Milos Jakes emphasized that one of the most prominent duties of party organizations and bodies, of all communists is thorough observance of the statutes, and care that in a specific battle for the implementation of current tasks, the political, organizational, and ideological unity and moral authority of the party is continuously reinforced. The coming annual membership meetings of party organizations should be carried out in this spirit.

The transfer from confrontation to the broad peaceful cooperation of states with different social systems is the basis of the foreign political program of 17th party congress, and we shall continue to implement this thoroughly.

In conclusion, the report of the CPCZ Central Committee Presidium underscored that we are not seeking new approaches because everything that we have done so far has been wrong. If we analyze critically what we have attained since the congress we do it because we could have covered a greater section of the path. It is necessary to concentrate all the forces and abilities of the people on overcoming the current shortcomings and on a speedier advance in implementing the conclusions of the 17th CPCZ Congress through restructuring and democratization. This is the best way to implement the revolutionary bequest of the Great October Socialist Revolution and of the Victorious February 1948.

Session Resumes 18 Dec

LD180929 Prague Domestic Service in Slovak 0900 GMT 18 Dec 87

[Text] The seventh session of the CPCZ Central Committee is continuing in the Spanish Hall, Prague Castle, today with a discussion of the report of the CPCZ

Central Committee Presidium on the consistent implementation of the line of the 17th congress of the party for speeding up economic and social development and the comprehensive restructuring and deepening of socialist democracy.

The morning session is chaired by Ladislav Adamec, member of the CPCZ Central Committee presidium.

Gorbachev Congratulates Jakes

LD171556 Prague CTK in English 1514 GMT 17 Dec 1987

[Text] Moscow Dec 17 (CTK)—Soviet Communist Party General Secretary Mikhail Gorbachev today sent a telegram to Milos Jakes, congratulating him on his election to general secretary of the Communist Party of Czechoslovakia.

Gorbachev's telegram expressed the conviction that the Czechoslovak Communist Party Central Committee under the leadership of Milos Jakes will ensure the implementation of extensive tasks facing the Czechoslovak party, the tasks of further development and revival of socialism in Czechoslovakia, of the restructuring of the economic mechanism and democratization of sociopolitical life and the resolutions of the Czechoslovak Communist Party's 17th Congress.

CTK Carries Jakes Biography

LD171645 Prague CTK in English 1604 GMT 17 Dec 87

[Text] Prague Dec 17 (CTK)—Milos Jakes, the new general secretary of the Czechoslovak Communist Party, was born in Ceske Chalupy, Cesky Krumlov district, South Bohemia, on August 12, 1922, in a farmer's family.

He became a member of the Czechoslovak Communist Party in June 1945 and carried out party functions in Gottwaldov, South Moravia, where he was later elected member of the Presidium of the district and regional committees of the Czechoslovak Communist Party. In 1950 he was elected chairman of the National Committee in Gottwaldov, where he was active till 1952. He started to study at the party university of the Soviet Communist Party Central Committee in Moscow in 1955. After graduation he became head of a department of the Czechoslovak Communist Party Central Committee. In 1961 he was appointed head of the Central Office for National Committees Affairs. He was first deputy chairman of the Central Administration for the Development of Local Economy from 1963. In 1966-68 he was deputy minister of the interior of Czechoslovak Communist Party. He was a member of the commission since 1966. In the crisis years Milos Jakes stood firmly on the positions of Marxism-Leninism and proletarian internationalism, defended resolutely the interests of the party and the people, proved his political maturity and warm relation to the Soviet Union. He shared actively in the effort to restore the Marxist-Leninist character of the Czechoslovak Communist Party.

In 1977 he was co-opted to the Czechoslovak Communist Party Central Committee and elected alternate member of the Presidium and secretary of the Communist Party Central Committee. Since 1981 he has been member of the Presidium, secretary of the Party Central Committee and chairman of the National Economic Commission of the Central Committee. Since 1971 he has been also deputy of the house of the people and since 1981 Presidium member of the Federal Assembly.

Milos Jakes takes an active part in the solution of questions of restructuring the economic mechanism and democratization of the society's life, in the acceleration of the scientific and technological development. His years' long active work has been honoured by the Order of February 25, Order of Labour, Order of the Republic, Order of Victorious February, honorary title of Hero of Socialist Labour and the Klement Gottwald Order. He has been also awarded the Soviet October revolution order and a number of other foreign distinctions.

Adamec Stresses Need for Modernization

LD172108 Prague CTK in English 1955 GMT 17 Dec 87

[Text] Prague Dec 17 (CTK)—In the debate following the Party Presidium report Czech Premier Ladislav Adamec stressed the necessity of modernizing especially the consumer and food industries.

Speaking about the fulfilment of the line of speeding up socio-economic development in Slovakia, Slovak Premier Peter Colotka said that in spite of the results achieved in the first two years of the five-year plan in the intensification of the economy, attention must focus on strengthening all qualitative aspects of the reproduction process.

Chairman of the Central Council of Czechoslovak Trade Unions Miroslav Zavadil spoke of the importance of social policy for encouraging the activity of the working people, and said that social policy must be more consistently reflected in the work of trade union bodies and organiztions.

The Czechoslovak Communist Party Central Committee will continue its session tomorrow.

Vaclav Havel on Prague Leadership Change

AU180859 Vienna Television Service in German 0600 GMT 18 Dec 87

[Telephone interview with Czechoslovak Charter 77 activist Vaclav Havel by Austrian radio reporter Edgar Sterbenzin Prague; date not given; Havel statements in English with superimposed German translation]

[Text] [Sterbenz] Mr Havel, what does the change in the CPCZ leadership mean for the country?

[Havel] I know that Mr Jakes is a member of the same leadership which has been leading our country for the last 20 years. He will carry on the same antireform policy as Husak. I think he is only an interim solution. But in my personal view the change is good because it proves that changes are necessary. Jakes, however, is not the right man to carry out Gorbachev-style changes. But maybe he can prepare the ground for changes, as did Gorbachev's predecessor Chernenko in the Soviet Union.

[Sterbenz] Do you think that it will be possible to carry out reforms in the CSSR with the new leadership? Economic reforms, political reforms?

[Havel] At the moment I do not have enough information about the new leadership. I only know that the new CPCZ general secretary is Milos Jakes, and that there is no guarantee for change. But new opportunities may open up for our society to appeal to the government to carry out reforms.

[Sterbenz] Did this step come as a surprise in the CSSR?

[Havel] The changes in the party leadership were overdue. And further changes will be necessary. I do not know when. Already next year, or in a few years' time. But the crisis of our society, the political, economic, cultural, and moral crisis is so profound that after 20 years of deep sleep reforms have become necessary.

[Sterbenz] Do you think that the change in the CSSR party leadership is also a manifestation of the new climate of reform in the Soviet Union, that this climate of reform has also affected the situation in the CSSR?

[Havel] I do not know how the change came about because everything was kept strictly secret. Recent developments in the Soviet Union certainly play a role. But I do not know whether Moscow exercised direct influence or whether the Czechoslovak leadership only tried to anticipate Moscow's demands for changes because Lubomir Strougal would be more acceptable to Moscow than Jakes. Maybe this change in the leadership was intended to counter Moscow's influence. Nobody knows what was really behind it.

[Sterbenz] If you had to describe the new party chief, what is known about him in your circles, what is known in dissident circles about Milos Jakes?

[Havel] I only know about him that he is a typical party bureaucrat. He has always worked in the party and pursued a policy that was good for him. During the 1968 Prague Spring he did not know what to do. Immediately after the invasion he knew again. He always was a follower of the ruling system because it was of advantage for him. But our political system is so irrational that one does not know how he will behave in the future. We did not really know anything about the reformer Aleksander Dubcek either before he assumed power and initiated the Prague Spring. Dubcek was a functionary like everybody else. Therefore nobody really knows what will happen in the future.

[Sterbenz] Mr Havel, thank you very much for the interview.

Prisoners Exchanged With FRG as Agreed
LD171643 East Berlin ADN International Service in German 1602 GMT 17 Dec 87

[Text] Berlin, 17 Dec (ADN)—In accordance with agreements reached between the responsible authorities of the GDR and the FRG, an exchange took place on 17 December 1987 at the GDR frontier crossing point of Wartha of, in each case, three persons imprisoned in the two states.

Honecker Cables CPCZ's Jakes on Election
LD171830 East Berlin ADN International Service in German 1800 GMT 17 Dec 87

[Text] Berlin, 17 Dec 87 (ADN)—The Communist Party of Czechoslovakia can continue to count on the SED as a loyal friend and reliable comrade-in-arms. "We will do everything to further strengthen our firm alliance and all-around cooperation", stressed Erich Honecker, general secretary of the SED Central Committee and GDR State Council chairman, in a telegram of congratulations to Milos Jakes general secretary of the CPCZ Central Committee, who was elected on Thursday.

"We know and value you as a proven Marxist-Leninist and convinced internationalist, who applies his whole strength to the further development of socialist Czechoslovakia", the telegram says.

Kessler Receives USSR Military Delegation
AU171205 East Berlin NEUES DEUTSCHLAND in German 15 Dec 87 p 2

[Text] Berlin (ADN)—On Monday [14 December] Army General Heinz Kessler, member of the Central Committee Politburo, minister of national defense, received a delegation of the Main Political Directorate of the Soviet Army and Navy headed by Admiral Aleksey Sorokin, first deputy chief of the Main Political Directorate.

The friendly talk focused on questions of joint responsibility for collective protection of socialist achievements and further strengthening the tested class and arms alliance between the National People's Army and the Soviet Army.

In the course of the meeting in the Defense Ministry Army General Kessler pointed out that the treaty on the elimination of medium-range missiles signed by the Soviet Union and the United States, has met with the general approval of the GDR soldiers. They regard it as their patriotic and internationalist military duty to always secure peace at the side of the comrades-in-arms of the Soviet Forces and the other fraternal armies in future, too. The 70th anniversary of the glorious USSR Armed Forces serves as a worthy cause for the members of the National People's Army to further deepen the friendship with the comrades in arms from Lenin's country, the defense minister stressed.

Lieutenant General Horst Bruenner, deputy minister for national defense and chief of the Political Main Administration of the National People's Army, took part in the meeting.

In the course of their stay of several days in the GDR the Soviet delegation will visit the "Wilhelm Pieck" Military College, a ground forces unit, and other facilities of the National People's Army.

Joint Soviet Friendship Society Session
AU171721 East Berlin NEUES DEUTSCHLAND in German 16 Dec 87 p 2

[Text] Berlin (ADN)—In a presidium session of its Central Executive Committee on Tuesday [15 December], the GDR-Soviet Friendship Society welcomed the determination of the leading representatives of the Warsaw Pact states to jointly contribute to strengthening peace, creating a comprehensive system of international security, and solving other complicated problems. As Erich Mueckenberger, president of the Friendship Society, stressed, its members link the signing of the treaty on the elimination of medium-range missiles with the hope that its strict implementation will open up other fields of disarmament, such as a 50 percent reduction in strategic offensive weapons, the maintenance of the ABM Treaty, a halt to nuclear tests, the prohibition and elimination of chemical weapons, and a reduction in the level of military confrontation in Europe.

Defense Committee Supports Disarmament Treaty
AU171838 East Berlin NEUES DEUTSCHLAND in German 16 Dec 87 p 2

[Text] East Berlin (ND)—The People's Chamber Committee for National Defense, which convened under the leadership of Chairman Wolfgang Herger, accepted a report from the Ministry of Foreign Affairs on topical questions regarding the struggle for disarmament. Ambassador Ernst Krabatsch, director of the Basic Questions and Planning Main Department, evaluated the conclusion of the treaty between the USSR and the United States on the elimination of medium- and shorter-range nuclear missiles as a success of the consistent struggle by the socialist states for a nuclear-free world.

For the first time a real disarmament treaty has been brought about. This is the historic significance of this accord. Now evidence has been furnished that the elimination of nuclear weapons can become a reality. This is the result of the socialist states' consistent and compromising attitude and of the dedicated work of all peace-loving forces. Now it is a question of continuing disarmament efforts. The treaty on medium-range nuclear missiles must be ratified without delay and implemented in accordance with the agreed time-table.

At the end of the discussion the committee chairman, Wolfgang Herger, noted that the current state of the struggle for disarmament is the logical result of many

years of political development, of the purposeful peace efforts of the Soviet Union and other socialist states, to which the GDR is making an essential contribution through its result-oriented policy of dialogue. In this connection he recalled the proposals to set up a nuclear- and chemical-weapon-free zone in central Europe.

The committee chairman reaffirmed the GDR's readiness for far-reaching disarmament steps in all spheres while at the same time maintaining socialism's defense capability necessitated by the existing military situation. This concept was the basis for the statements by Wolfgang Neidhardt, chairman of the State Planning Commission, and Erhard Bieber, deputy minister of finance, on the draft bills for the 1988 national economic plan and budget. After detailed discussion, during which the deputies stressed the unshakable link between strong socialism and secure peace, the committee adopted the documents.

Nemeth, Grosz Attend Parliamentary Budget Debate
LD171027 Budapest MTI in English
0817 GMT 17 Dec 87

[Text] Budapest, December 17 (MTI)—The winter session of Parliament continued in Budapest on Thursday. In keeping with the agenda, the deputies are discussing the bills on the 1988 central budget and the amendment to Act No. 2/1979 on state finances.

Those present in the assembly hall included Karoly Nemeth, president of the Presidential Council, Karoly Grosz, chairman of the Council of Ministers, other members of the HSWP Political Committee, secretaries of the Central Committee, and members of the Presidential Council and the government. Representatives of the diplomatic corps accredited to Hungary were also in attendance.

Medgyessy Addresses Session
LD171213 Budapest Domestic Service in Hungarian
1140 GMT 16 Dec 87

[Speech by Deputy Premier Peter Medgyessy at the National Assembly in Budapest—live]

[Text] Esteemed deputies: the draft bill of the 1988 state budget is anticipated with increasing expectations. It is being watched by a wide circle of people who want to see whether the government acts with the same determination in the interest of stabilization as it promised in September. It is our intention that as a result of a thorough debate the National Assembly should adopt the bill so that it will represent a resolute step on the road of implementing the government program.

Esteemed National Assembly, from the point of view of our tasks in 1988 we must first assess the 1987 processes. The growth of the national income and of added value is, for the first time in years, turning out to be close to the plan, 1.5-2.0 percent. Following the stagnation in 1986, this suggests the livening up of the economy. The above-plan expansion of industrial production has played a determining role in this. Income from exports in convertible currency has significantly exceeded the 1986 figure and all signs forecast that it can exceed even the planned figure. In the expansion of exports the fact that we have twice modified the exchange rate this year also plays a role. These modifications resulted in making imports more expensive as well. Despite this, however—and this is the problem—imports have grown rapidly. The deficit in the state budget this year is 1 billion forints less than planned. It is expected to be 35 billion forints. This fact can be appreciated properly only if we take into account that at the beginning of the year the threat of a deficit in excess of 50 billion forints was hanging over us.

Financial relations between the state and the enterprises are determining elements in the state budget. This year, taking the balance as a whole between payments into the state budget and funds received from it in support of the enterprises are contributing more to the state budget than planned, more than what we expected in the middle of the year. Also figuring in this is the fact that despite difficulties we had the courage to introduce measures in respect of the regulators which, although at first instance cost the state money, provided incentives for the creation of enterprise income and, therefore, ultimately resulted or are resulting in a surplus of state resources. Among these measures, for example, is the profit tax rebate for firms of high efficiency, favorable financial allowances for economic units ready to undertake technical development in the form of rapid capital goods depreciation or the changing of financial regulations in order to effect flexible stock management. There is improvement in specific material consumption, in export achievements, in profitability. At the same time, the totality of the favorable enterprise picture is marred by the fact that enterprise incomes have been created not only from better operations but partly from rises in producer prices. One of the problems, in addition to the creation of income in the people's economy which is as planned, is that domestic consumption is growing to a greater extent than planned and this is then financed by foreign credits.

All in all, although our nonruble foreign trade and balance of payments is better than last year, the scale of the improvement is not satisfactory. Despite the rises in consumer prices, which exceeded the plan by 1.5-2.0 percent, consumption also exceeds the planned level. Growth will be 2.0-2.5 percent more than last year. The main reason for this is the shopping spree which started when news was received about the price rises next year. In our judgement this is mainly consumption brought forward, which is a transient phenomenon and whose source is savings. The premium paid on interest which has been introduced, the successful efforts regarding goods supply, and recognition of the real situation after true information resulted in the slowing down of the decrease in savings in November and the shopping fever has calmed down.

Investments also exceeded plans, particularly in the enterprise cooperative sphere in which growth is 5.0 percent. This is not in harmony with the possibilities offered by the national economy although it can bring positive elements from the point of view of future achievements. However, the main problem is not even the volume of investments but their delays and their lack of rhythm. In the course of checks we have found that investments, on average, are completed within 51 months and take 12 months, one full year longer than originally planned. This brings intolerable losses and risks. Disturbances in material and parts supply have become greater. The problems firms have in cooperating, their difficulties in material incentives, and the contradiction in the market create insatiable import demands.

In the area of resolving the situation of the firms and cooperatives working uneconomically, progress is slower than necessary. It is our fundamental endeavor that these

units should work effectively and, if this is not realistic, they should cease to operate. Therefore, there is a need for more resolute behavior toward organizations showing very poor results. In harmony with this the liquidation of the Veszprem State Construction Enterprise and the Balassagyarmat Repair and Maintenance Enterprise have taken place. The liquidation of several agricultural cooperatives is under way or, at least, they are being reshaped into a more simple cooperative form. The financial reorganization and fundamental reshaping of 45 enterprises and cooperatives are on the agenda.

The government has decided to embark on fundamental changes. According to this, the Ganz-Mavag ceases to be and in its place new independent enterprises are to be created which, in the overwhelming majority of cases, will become solvent through an appropriate adjustment in production profile, better organization of work and management and which will stand their place in economic competition.

Railway wagon manufacturing, in the light of international obligations, survives in such a way that new commitments can only be undertaken if production is economic and profitable. If it is impossible to achieve results under these conditions we must think of stopping railway wagon manufacturing as orders for these run out. This requires a responsible analysis which must be undertaken within a short time partly by the enterprise itself and partly by the government organs responsible for international obligations. The Tatabamya coal mines are also to cease and the related economic activities will become independent enterprises. Following the exploitation of the mines, which are near exhaustion, mining will be confined to a narrower base and an appropriate package of measures is being prepared for substantive improvements in efficiency. In regard to both large firms mentioned the administrative centers will cease. The continuation of these steps in the forthcoming months is unavoidable in other firms too because it is a matter of survival. If there is no other means we will force an improvement in the efficiency of the people's economy, using considerable monetary management and what's more, cautiousness in enterprise income policy, using even resolute intervention if necessary through the liquidation of poorly managed enterprises.

The more decisive handling of uneconomic operations and the introduction of the liquidation act unavoidably raises the problem of unemployment. Today in Hungary the number of those looking for work is between 4,000 and 10,000. The planned financial reorganizations are not threatening survival. We have the material means to promote the regrouping of manpower thus freed in a planned manner, either through retraining or by providing incentives for the creation of new work places. Naturally, regrouping takes time. In other words, there will be those looking for work but this threatens neither material security nor does it lead to lack of prospects or uncertainty. It is rather the slowness of the structural transformation which causes problems, more than the conflicts stemming from it. Today it is easier to raise prices, to plead for favorable treatment, and to attain income in this way than to modernize operations even at the expense of conflicts. There is a need for an economic environment which provides incentives appropriately and which, if necessary, exerts force as well as measures by enterprises so that economic units exploit their resources.

Summing up, it is possible to say of 1987 that in comparison with last year there is an improvement, the process of deterioration has moderated in several areas. However, the rate of advance is not yet satisfactory; it is still insufficient for stabilization.

Esteemed National Assembly, many ask whether our 1988 plan has a character and what is the extent to which it assists the creation of the conditions for resurgence. It must be understood that without balance there can be no renewal. We do not have the means, nor resources, nor an external factor, to give an advance to output in the future. It follows from all this that the most important feature of the plan is the improvement of the external balance of payments. This means that the improvement of the balance of payments by more than $500 million this year must be continued and that in 1988 the deficit in terms of the nonruble accounted balance of payment cannot exceed $500 million. Regarding the ruble accounting ledger we expect an active balance of payments simultaneously with improving terms of trade; the figure here is about R400-500 million. The strict international financial conditions limit the economy's room to maneuver. Expansion of domestic spending power would increase demands for imports and would draw away goods from export. Therefore, the situation demands that the financial balance in Hungary should improve as expressed in the allocation policy of the state budget. This harmonizes with the proposed deficit of the state budget totalling 2.4 billion forints and the fact that we intend to reduce the volume of money through banking methods. At the same time it must also be said that a decrease of the state budget deficit is a necessity but it is not sufficient in itself to improve the external balance. In order to achieve this it is necessary to have good incentives for exporting and, where rational possibility exists, an effective import substitution.

The 1988 plan expects nearly $5 billion in convertible exports but with imports 6 percent less than in 1987. It is my conviction that the enterprises have enough strength and ability to perform. This should ensure that the export plan should be a realistic one in 1988, too. This is helped by incentive measures as well.

In accordance with international practice the general turnover tax on exports is nil. In November we devalued the forint by 5 percent so that there should not be a halt in the conclusion of contracts for exports in 1988. We continue to encourage the manufacture of goods which may be sold on the hard currency market. The system of competition for export subsidies remains, and in the

course of developments materialized through the system, enterprise resources will be complimented by the possibility of extra credit provided by the center and by the resources of the commercial banks. Those applicants who materialize their developments through the formation of joint ventures or through the involvement of foreign capital are favored. These initiatives are encouraged by the administration through preferential treatment. The rebate for the general turnover tax regarding investment goods with regard to contracts signed before 31 October may be asked for in full, in one sum by all applicants. With regard to those contracts which were signed subsequently, the rebate of the investment and the general turnover tax will be given in full but in two installments within 2 years.

In 1988, in the framework of the competition for investments, 12-16 billion forints of investment will be materialized and—according to our calculations—3 billion forints of tax allowance belongs here. The credit of DM1 billion recently received from the FRG has great significance in this respect as well. A substantial proportion of this will be used directly for investment, for the speeding up of technical development. For example, in the framework of promoting expansion of exports.

Enterprise initiatives for the building of business contacts, for the development of the external market organization will continue to be encouraged and supported by the administration. The various forms of the provision of export credits and the exchange credit assurance will also continue to provide a protection to the exporters. Credit interests which are in harmony with international practice also help firms, primarily machine industrial firms, which export abroad.

It is well known that throughout the world a subsidy war is raging on the export markets of agricultural goods. Under these circumstances we cannot forego the direct assistance extended to the agricultural and food industrial exports even after the changeover to the new tax system. At the same time—here, and in every area of the economy—forcing back the least economic exports is in the interests of the people's economy.

A more rational import management also has increasing importance. Therefore, uneconomic production using imported products on a wide range must be reduced as soon as possible. This will result automatically in the reduction of imports in these areas. Imports of products which can be produced economically and in good quality at home must be replaced by the development of manufacturing capacities for such goods. We are planning import substitution to the tune of $150-200 million. If it is unavoidable, we are even prepared to protect industry with a tariff policy—in harmony with our international treaties.

In ruble relations, our net debt will decrease in 1988 by R400-500 million, and in this way our total debts will be minimal by the end of the year. In this area we can expect an improvement in the terms of trade because the import price of crude oil will go down by 13.5 percent, of mineral gas by about 8 percent, of diesel oil by 13 percent. We have an important interest in expanding our socialist related goods exchange but the condition of this is that our enterprises should increase their imports. However, it is still true, regretfully, that producers prefer to import from capitalist countries and to export to socialist countries. In 1988 there will be about 20-25 Hungarian-Soviet joint ventures operating and these will create balanced relations from the point of view of the totality of the balance of payments and will be beneficial for both sides in a stable manner, in our view.

In 1988 the necessary improvement in the balance of payments will allow us only to provide favorable treatment of certain areas relative to others. This spreads right through the plan and the budget and even the enterprise possibilities can only be assessed in this spirit.

The plan places stress on production at the expense of final consumption. The 1988 People's Economic Plan envisages a 1 percent reduction in domestic consumption in such a way that it provides preference for production-related investments in the interest of laying down the foundation of the material bases for the resurgence program. This may be taken to mean that despite a 2-2.5 percent reduction in consumption, enterprise investments do not decrease; on the contrary, an approximately 2-percent increase in real terms can be expected in this area.

The key question of development is technical progress, which, according to our means we treat in a particular way. The profit tax rebate, which remains and which even spreads in terms of the circles within which it applies—the best working enterprises—and the tax allowance for technical development via the acclerated depreciation procedure, also serves this purpose. The possibility of a share in the profits for those participating in these technological developments can also be placed in this category. The regulations provide a possibility for firms to obtain certain research facilities and measuring instruments at the expense of the expenditure funds. They also provide the possibility for research and development services to enjoy a 67 percent tax allowance profit. Ten percent of research and development expenditure may be used for investment without attracting profit tax. Any intellectual products bought may be termed as assets, while the fees paid for technical development and innovations may continue to be accounted as expenditure. The general turnover tax category key for scientific, research, and development activiites is the zero one.

From 1988 the technical payment to the center of the processing industry will decrease significantly and will be allocated more proportionately between branches. The National Scientific Research Fund will receive 230

million forints more in state subsidy than in 1987. This is money in real terms. Such advances can obviously be materialized only if we create the new preferential areas by the old means as well.

The National Planning Office has reviewed central economic policy development; it has made their objectives more timely; it has modified the system of implementing these objectives; and it has suspended some of them. At the same time, we continue the progarm of a more widespread use of electronics in society and in the economy. In other words, there is a possibility for technical development, but owing to the various promotional elements the system is a dispersed one. For this reason it is important that those affected should learn about the possibilities as soon as possible and as thoroughly as possible.

Esteemed National Assembly, the 1988 People's Economic Plan envisages a 2-2.5 percent reduction in the population's consumption and it is a great test for all of us. The People's Economic Plan prescribes a 15 percent rise in the consumer price level, which is significantly higher than usual. Out of this increase the centrally controlled price rises which were carried out this year will in 1988 amount to 2.1 percent; the price changes related to the tax reforms which come into effect from 1 January will cause [a rise of] 7.6 percent; while the price rises during 1987 in the noncentrally controlled price categories will cause a rise of 5.3 percent.

From now on the development of prices will depend on the overwhelming majority of the consumer goods, on producer behavior. The government considers the simultaneous movement of producer and consumer prices as necessary. It has worked out such a turnover tax system which ensures this in a mechanistic manner and the government therefore demonstrates that it has not given up its anti-inflation policy.

However, the new methods reflect the recognition that it is not a rational and good method for the achievement of this development if the inflationary pressure is offset—in its greater proportion—by reallocations of the state budget and the central syphoning of monies and subsidies. It is only the successful economic stabilization, the restoration of balanced relations, a healthy production structure, and a proper supply which can limit the size of price rises.

It is therefore significant as to how changes occur in the price policy. It is the government's task to strengthen the state control of prices in such a way which is also in harmony with the new system of methods. The market mechanisms reflecting on the price development must be strengthened; in areas—in industry and trade too—where a monopoly situation prevails, where a particular trade is characterized by significant market disturbances, a regular price consultation takes places within the price authorities and the economic units. In order that these should be real interest coordinations, work is necessary by the Hungarian Economic Chamber, the National Council of Trade Unions, the National Consumer Council, and the National Interest Representation Organs. This requires publicity, the widespread dissemination of information and assessment regarding the background of price movements, and the introduction of economic and social sanctions against those who take advantage of their superior power position in the market. Alongside the will of the state and the improvement of the supply situation in the market, social pressure regarding unjustified price rises is indispensable both vis-a-vis the producer and the traders, in the interest of a realistic price policy.

The cash income [as heard] of the population will increase by 11-11.5 percent in 1988; although an increase of output would require that within this the ration of wages and incomes should rise, the social policy will unavoidably have to be given higher priority in 1988 to ease social tensions. Such a rise in allowances is not in harmony with our program which intends to focus on the material interest and incentive in production. Therefore in the coming years we shall have to make real, via the preparation of the wage reform, the weight of material incentives.

The social policy package planned for 1988 exceeds the limits of the framework of measures presented at the fall session of the National Assembly. Beyond the personal tax allowance given to families of three children of more, at the recommendation of the National Council of Trade Unions, this has been changed by measures improving living conditions adopted recently by the government. Thus the sum of the fall plan package of 24-25 billion forints is now more than 27 billion forints.

The government has come to an agreement with the social and mass organizations and with the interest-representational organs concerning the measures. However, with regard to the question of family supplements, the National Council of Trade Unions, the Communist Youth League, and the National Council of Hungarian Women maintained their view, to the effect that they support an increase in family supplements by 500 forints.

Taking the given targets of the National Economic Plan as the point of departure, this increase, amounting to approximately 3 billion forints, could be financed only at the expense of earning possibilities, which provide the basis for incentives. This is something that must not be cut any further. At the same time, there is full justification for taking some sort of positive step. Taking this as our point of departure, the government submitted alternatives to the Plan and Budget Committee of the National Assembly: Either the maternity grant is increased from 6,000 forints to 10,000 forints, or an increase in family supplements from 400 forints to 500 forints until the child reaches the age of 3. The majority

of committee members regarded the latter version as the better one, because the increase in the price of baby clothes, diapers, and furniture make this solution the most justified.

On the basis of this stance the government is also recommending increased family supplements for children under the age of 3, provided that this sum should be made up by reducing the enterprise reorganization fund by 500 million forints. This also means that, because of the smaller sum available, more rigorous requirements must be imposed when enterprises in a difficult financial position are reorganized. This, however, only strengthens our general economic policy endeavors. I recommend the National Assembly to adopt this version. This is contained in the revision to the draft bill which has been submitted.

Esteemed National Assembly, the National Council of Trade Unions has reached an agreement with the government in 1988 for some areas; thus, for example, among the employees of Hungarian State Railways, judges, prosecuting attorneys, and technical specialists, and some professionals at the beginning of their careers, there will be wage policy measures amounting to 1 billion forints. We cannot forgo increasing the incentive effect of wages even amid the limited financial possibilities. Consequently, from 1988 all those enterprises which function without subsidies, which increase their revenues not by raising their prices in the domestic market, and whose work fits in with the most important economic policy priorities, will be removed from the scope of central wages regulations.

Let me note that in the interest of modernizing the economic activities of the budgetary institutions, as an experiment we will use the solution which raises high requirements but abolishes central wages regulations within the sphere of educational, health and other organizations.

Finally, in connection with this subject I would like to stress in particular that the state wishes to provide a guarantee for those in the greatest need that within these strata—including those with the lowest pensions and those with large families—there will be no deterioration in the living standard beyond that which has been planned. If prices jeopardize this, the state will introduce special measures for extra countervailing payments.

Esteemed deputies, the government places great emphasis on there being a sufficient supply of goods in the stores in 1988, so that the level of provisions to which we have become accustomed in recent years should be ensured. Although in the planning stage there were significant differences in views concerning the development of savings next year, it is not as a result of excessive optimism that the plan has eventually come to expect an increase in the level of savings by the population.

Let me give you an example in this connection: It is a well-known fact that in recent months many people have withdrawn their savings deposits. It is worth noting at the same time that the ready cash in the hands of the population increased in 1987 by almost as much as in the previous year. At the same time the population oversubscribed the 3-billion forints of bonds issued by the National Savings Bank on 1 November at an interest rate of 12 percent. There are many similar, good bonds on the market. This also shows that there is scope for increasing savings, only the right forms and incentives must be found.

It is worthwhile and necessary for the commercial banks, insurance enterprises, the various financial institutions, enterprises, councils, and last but not least the state to develop conditions of saving which provide a greater incentive than those at the present.

Enterprises will be able to issue property bonds in the future. The commercial banks will also appear in the bond market. The Budapest Bank sells [words indistinct] insured bonds and the insurance enterprises are also at work on developing the conditions for insuring bonds. The National Savings Bank is planning to introduce forms of presaving, and next year treasury bonds will also be available.

The more modest increase in savings exerts a considerable influence on the possibillities of providing credit for the population. While we are expanding the credits issued on favorable conditions for housing construction, it is necessary to reduce credits for other purposes. As the means of attaining this we are increasing the interest payment on bank loans as of 1 January, and we are limiting 50,000 forints the upper limit of loans issued on favorable terms for renovation work.

In order to offset the further slowdown in state housing construction and the price rises in traditional construction materials, state expenditure is to give extra help to families building or buying a home. The social policy benefits for families with children and young married couples will increase, especially for families with three or more children. A longstanding contradiction will be abolished when the upper limit of credit on favorable terms available for the construction of multistorey dwellings and family houses will be made identical. The upper limit of state loans on favorable terms is to increase for families with five or more members.

Esteemed National Assembly, the price and tax reform is the determining step of next year which will help the emergence of conditions for stabilization and resurgence. The effects of the changing economic policy and of the price and tax system will appear in society together and simultaneously.

The planned changes in the setup of enterprise income regulations will represent a big step forward as compared with the system in operation today, despite the fact that

it will cause less change than we intended and than was expected by the enterprises. Temporary compromises have had to be made in the rate of profit tax, in the value of social security contributions and in the fact that exchange value tax [ellenertekado] has survived. Taking all these together, the tax burden both among enterprises and among small ventures will be significantly reduced.

Out of a profit of 100 forints enterprises and cooperatives will be able to retain 26-28 forints instead of 8-10 forints at present, while small ventures will be able to retain 45-50 forints instead of the present 31-35 forints. We calculate that compared with those at present the earnings of the processing industry, predominantly the machine industry, will improve by some 6 billion forints, and producer prices of 1 January 1988 will be lower than this year's, even if the difference is only modest; by 3 percent in the material branches.

All these figures show that even in the general enterprise conditions, which are stricter than hitherto, the enterprises' motivation in earning profit will increase, and the state regulations on expenditure will be relaxed. Profit will reflect decreasingly the differentiated conditions of taxation and support and will increasingly reflect the efforts of enterprises. Starting from this premise, there is also a basis for confidence in the stability of the new system.

The biggest social and political task is to incorporate personal income tax into wages. The required regulations and the central directives which apply to enterprises and organs of the budget appeared in the 25 October issue of MAGYAR KOZLONY. Their substance is well known.

Economic organizations are working on their practical implementation. In many places the work has already been done, and the rules of the grossing-up of wages have been registered in the collective agreements. Economic organizations are to carry out the implementation by restructuring the wage system, and by raising individual salary components in the specific forms they have chosen. The economic organizations can bridge the temporary shortage of funds arising as a result of the grossing-up of wages by short-term credits provided by commercial banks and backed by state guarantees. Our aim with this measure is not to help out enterprises but to avert the obstacles of the payment of wages; the defense of the workers. The enterprises must not expect this scheme to function as a life support which can save them from general liquidity problems. It can only provide a breathing space for quick and effective action, and it does not serve the postponement of such action.

We have never concealed the fact that in its continuous effect and even during its introduction the tax reform will highlight more sharply the productivity differences. This in itself is a great advantage, but it also leads to tensions. Owing to the polarization, we calculate that 200-300 out of several thousand economic organizations may experience financial tensions. The emergency of more substantial losses can be anticipated in coalmining, ore extraction and the steel industry, but some machine industry, light industry and overground construction enterprises which already have poorer results may get into the same state.

We must expect greater differentiation in agriculture also. In these areas the general situation is that previous economic management problems become more acute and greater because of the new, more unified efficiency requirements. There are also already occasional efforts by the more directly affected areas to improve their revenue not by better management but through higher subsidies and more exemptions and to resolve their situation with the help of state concessions. There is clossal pressure on the government to make exceptions from the declared principles and rules basically to restore the individual revenue positions. Requests are made on the most diverse pretexts: in the form of concessions, reclassifications, and subsidies.

Although enterprise subsidies are to be reduced by 28 billion forints, consumer subsidies by 24 billion forints, and the various concessions by 25 billion forints, there are still rather a lot of favorably treated areas and subsidies. In order to reduce these gradually at a calculated pace the government is to publish a program in the first half of 1988. I ask the National Assembly to give special assistance to this so that the endorsed government program may be realized.

The changes in the price and tax systems are an important but not unique measure within the framework of the continuation of economic reform. We are continuing the work, in a committed way, on the expansion of the reforms. We are reducing deliberately and gradually the restrictions on the market's operation; we are improving the economic and legal conditions for the movement of capital; and work is in progress on the reform of social insurance, wages policy, and the system of housing distribution.

The answer to all these issues is provided by economic management based on a coordinated and uniform concept and scheduled work. The legal regulation of all important areas in connection with the changes in the price and financial system has taken place, and these have been announced, even if in some cases this took place later than would have been desirable, in several instances because of tehnical obstacles rather than because of substantial problems.

Training has begun for approximately 60,000 people, enterprise managers, workers in the finance and accounting departments, and of course small entrepreneurs as well. The specialists directly concerned with taxes are most interested in the accounting and tax administration

regulations. However, the technological state of affairs did not make it possible to produce these documents before the very detailed formulation of the questions of substance.

Difficulties arose also from the fact that we have no trainers with the appropriate qualifications for training 60,000 people. We are receiving significant help from Hungarian Television in overcoming this problem. Television makes it possible for us to give the same quality of preparation for everyone who is interested. However, we are glad to make use of other means of mass communications as well.

Commerce, in which preparation for the new system of taxation, stock-taking, and repricing is particularly important, is conscientiously working to ensure undisturbed supplies and to minimize the disruption for the population as far as shopping is concerned. From this forum also we are asking for the help of workers in the sphere of commerce for this difficult work. Much depends on them in the next few days.

In general it may be said that preparations are proceeding well. It must also be frankly stated that even with the best possible preparatory work small upsets and unexpected factors may emerge. The government will make every effort to reduce these to a minimum.

Esteemed National Assembly, under the influence of the price and tax reform the structure of the state budget and even more of the revenues is undergoing a significant change. Next year instead of 45 percent only 30 percent of the revenues of the state budget will come from the enterprises. With the introduction of personal income tax the proportion of the budgetary payments by the population will more than double from its present 5-percent level. The proportion of the taxes linked to consumption will also increase from 16 percent to approximately 26 percent.

The structure of expenditures will also change. The proportion of the combined percentage of subsidies and tax returns for the enterprises will be perceptibly reduced. As a result of the increase of wages, the measures countervailing the price increases and the social policy measures, on the other hand, the proportion of social public spending will increase by almost 8 percent.

As was said at the autumn session, in 1988 personal income tax will replace, as a council budgetary revenue, the urban and local contribution paid by enterprises and the taxes on wages which have been abolished. Consequently, its distribution among the councils will take place in the same way in proportion to the number of inhabitants. However, by 1989 we will make preparations to ensure that the revenue from the personal income tax raised in a particular settlement will be the revenue of the given local council.

The budgetary targets were debated at the session of the Plan and Budget Committee. On the basis of the authorization of the government, I informed the esteemed deputies at that time that, in the interest of domestic financial equilibrium, the support given for the budgetary organs, including educational and health expenditure, had to be significantly reduced compared with the original intentions.

Public expenditure accords not with the social needs or the professional requirements but with the financial possibilities. The state of the budget represents a serious barrier in this sphere as well. In the preliminary debates the deputies expressed the view that a reduction of the size proposed would jeopardize the functioning of the—in any case deteriorating—health and educational work to such an extent that in many places they would become unviable.

In response to the recommendations the government again reviewed the targets of the budgetary organs and set a more modest requirement in the spheres of education and health compared with other areas of public spending. The government also removed from the agenda the planned increase in the price of medicines.

Thus, in total, without the effect of the reform of the price and tax systems, increased support for the central budgetary organs and for the cost the councils' operation will amount to 8-9 percent. We know that the state of the health services is difficult. After all, the real value of expenditures cannot be maintained in this sphere either. The government has tried to ease this situation in some priority areas. Thus, a step forward will be taken as regards the purchase of high-cost instruments. These modern means will improve the diagnostic conditions, particularly in the provinces. At the Szeged, Debrecen, and Pecs medical universities three new computerized scanners capable of layer photographs, representing the most up-to-date technology, will help medical work, as will an instrument for the examination of the central nervous system at the National Scientific Institute for Nerve Surgery, and both purchases in County Borsod. The budgetary conditions for their operation are given. The newly purchased and already existing stock of instruments is capable of ensuring the national provision with the help of being used on more than one shift and in an efficient manner.

From the viewpoint of our future the preparation which our children receive is extremely important. Unfortunately, our means are sufficient for the improvement of conditions in education only in a few designated areas, and only modest improvements even there. We will pay attention to the construction of secondary school classrooms in view of the demographic wave. We will support the learning of foreign languages, the launch of bilingual classes in schools, and the expansion of faculty teaching.

In higher education the government is to establish a fund for the development of higher education. The fund will serve mainly the modernization of training in computer, robot technology, and biotechnology, which are of outstanding significance from the viewpoint of technological progress, and the supply of instruments to higher education. We will continue the university reconstructions already started. In conjunction with the system of student grants we wish to encourage specifically language study.

At the autumn session of the National Assembly the government promised to secure resources for the raising of artists' fees. We have slated a total of 200 million forints in support to institutions and enterprises for this purpose. In the future the artist and the commissioning institution or enterprise will be free to agree on the size of the fee.

In the past years the rate of increase of the expenditures of budgetary organs fell short of the possibilities of the previous 5-year plan period. To counter this, we have already been gradually relaxing the restrictions of economic management. Since 1986 in councils, and since this year in ministries and national authorities, a unified system of funds management has been in force which makes possible the joint handling of investment, renewal, and operational resources and their flexible redeployment.

Administrative organs will be empowered from 1988 to involve other institutions in the experiment in the management of unified funds, because the experiences of this year's experiments have been very favorable. It is our conviction that institutions must be enabled to redeploy the smaller sums of money at their disposal according to their own intentions, and to save where it is most rational and causes fewest problems. I would also like to stress that it is the government's resolute intention to reduce unproductive expenses and state bureaucracy.

Dear Deputies, we are to devote 56.4 billion forints to the operation and maintenance of the defense and other armed services. The nominal increase in the sum is predominantly the consequence of the price and tax reform. In Real terms we expect a 1-percent increase.

In accordance with the general restrictions we cannot secure in this area either the development anticipated in the 5-year plan; the expenditure planned for next year is 4 billion forints lower.

Investment to be realized in all the armed forces will be rather more than 6 billion forints, 63 percent of which will be allocated to housing construction, or other project of public utility, health, education, culture.

The preservation of public order and public security and the defense of our economic and social order require increased efforts from the interior Ministry organs. Projected expenditure for 1988 is to increase by 1.3 billion forints compared with this year's, not taking into account the effects of the tax reform. The increase will give the Interior Ministry the possibility for employing more modern means than hitherto primarily in the areas of effective crime prevention, detection, and verification. It will also provide funds for the expenses relating to passport matters which will accompany the relaxation of foreign travel.

Esteemed National Assembly, as was already mentioned in the debate on the government program, the fact that the National Assembly carefully follows, supervises and supports activity, provides security for the government and guarantees for the organizations engaged in economic activity.

The government not only accepts but demands social control. In the spirit of this I am selecting a few points of the draft law which in the corridors of the Parliament building, to quote one of the representatives' colleagues, they are only talking about as the resounding figures.

What are these? According to the regulations of the law on state financial matters, apart from exceptional situations, and then also asking for authorization from the National Assembly, council supports can only be modified exclusively by the National Assembly. We propose a similar practice for central budget plan supports, in the draft law submitted now, primarily so that not even in the interests of protecting the budget should measures be created during the year which bring instutions into an impossible situation and which wuld jeopardize basic provisions.

The planned deficit for the state budget in 1988 is 20.4 billion forints, which means an improvement of almost 15 billion forints compared with the deficit which can be expected this year. as was mentioned several times also in the committee sessions, there are numerous uncertainties inherent in the economic financial processes next year, so the budget must have adequate reserves to surmount the unpredictable concerns. This necessitates the planning of a 10-billion forint reserve, which is more than was usual in previous years. The Central People's Control Commission this year analyzed very broadly the state of the state budget and came to the conclusion that in the present circumstances a larger sum will be needed so that we will be able to face the unknown effects of next year with adequate security. There is however cover for the reserve without damage to the international balance of payments only if the domestic economies exceed those calculated in the plan. The draft law states that even in such a case the 10 billion forints can be used only with the approval of Parliament. In the interests of making this requirement even clearer in the wording of the law, among the additional amendments distributed to the esteemed representatives there are more precise details on this subject.

The draft law prescribes that the National Assembly be informed in advance of increased quotas for coal mining, ferrous metallurgy, meat production and sales, the Hungarian State Railways, and the foundations for the reorganization of finances and employment. In those subsidies which according to the previously publicized conditions, affect the economic organizations in a normative way—to mention just one example, they use more fertilizer than planned—if we have to reckon with a danger that would significantly change the accepted state of the budget, in the interests of maintaining and modifying the regulations the government must ask for the National Assembly's approval.

The main endeavor of the government in formulating the budget for 1988 was to submit a budget to the esteemed National Assembly which provides adequate security so that the economic activity of either the enterprises or the institutions should not have to be disrupted by measures during the year. Only one circle is exempt from this, subsidies, exemptions, and benefits.

It is the intention of the government to allow the development of the economic processes. It will not interfere impatiently, either in the interests of the enterprises, or in skimming of any excess income. At the same time we will assert with great consistentcy the previously publicized limiting of the amounts of money, and strict budgetary and banking conduct.

However, in matters which have come to a head, we must not and will not wait with action until the concerns deepen. We consider that this behavior can be better calculated and will strengthen trust from every side from the viewpoint of those engaged in economic activity and also of society.

Esteemed National Assembly, simultaneously with the budget we have also submitted our proposal on the amendment of the law on state finances. These amendments do not replce the comprehensive modernization of the financial law to be realized within the framework of the budget reform. The draft bill is aimed at bringing the state financial law, which determines the most basic rules of the financial system, into line with the tax reform. What is more, as the deputies proposed at the autumn session, in the future the introduction of a tax, the alteration of the category of taxpayers, or of the extent of the tax, may take place only in the form of a law. These measures are in accordance also with the draft bill on legislation which is to be debated tomorrow.

An important new element of the financial draft bill is that it takes care to protect rights affecting individuals in taxation and fiscal control. This is necessary because in the future the tax authority in its operation will have access to much information connected with the life of citizens and enterprises but not relating to their income. So it is justified to create legal guarantees that the information obtained by the tax authority be used only for the purpose laid down in the law. We are of the view that with this modification we are taking a new step for the development of our legal system in the direction of the predictability of the conduct of economic management and of its controllability.

Esteemed deputies, prior to the plenary session of Parliament the committees and deputy groups held intense, substantive and lively debates about next year's economic policy, state budget, and the submitted amendment to the law on state financial affairs. On the basis of the debates those of the deputies' proposals with which the government was also able to identify—and this was the majority of them—are contained in the recommendations distributed this morning for the amendment of the text of the law.

Esteemed National Assembly, the government program has appointed the start of the period of stabilization, its most difficult year, for 1988. For objective reasons there cannot be complete harmony between the plan and government program for 1988. At the same time next year's plan and budget, in addition to the steps to create balance, carries within it the first shoots of a more favorable development, the possibility of a strengthening of this year's better trends and of these trends constituting a new turning point. The objectives are tough, but they can eb realized. The Hungarian economy and society are capable of more than what we fulfill today and this can give us self-confidence. It is up to us, all of us, to turn our intentions into reality. As a token of these thoughts, authorized by the government, I ask the Esteemed National Assembly to adopt the draft bills on the 1988 budget and state finances, also taking into consideration the proposed amendments. [applause]

1988 Budget Approved

LD171247 Budapest Domestic Service in Hungarian 1100 GMT 17 Dec 87

[Excerpts] The National Assembly representatives have given next year's budget the force of law. [passage omitted]

I will outline the results of the vote. Before all else, it had to be decided whether the family supplement for children up to the age of 3 would be raised by 500 forints instead of 400 forints, or whether the motherhood benefit sum would rise from 6,000 to 10,000 forints. Only 11 voted for the latter, with the majority voting for the former. There was also a vote on the fate of amendments propsed to the draft law. The Assembly accepted these, with two abstentions.

Next year's budget was given the force of law with 4 votes against and 18 abstentions. Assembly representatives also debated the modification proposals to the 1979 second law—the law relating to state finances—and connected with this, they earlier voted on the committee modifications. There were two votes against this, the

majority therefore accepting the committee modifications. The proposal for the modification of the 1979 second law was accepted by the parliament unanimously.

Bill on Legislation Adopted

LD171855 Budapest MTI in English
1534 GMT 17 Dec 87

[Text] Budapest, December 17 (MTI)—On Thursday the Hungarian National Assembly discussed the bills on legislation and the settlement of statutory provisions issued before 1960. Gyula Borics, state secretary of the Ministry of Justice, replied to the contributions. The amendment to the Constitution was approved unanimously. The bill on legislation, with the previously adopted modifications, was approved in general and in particular, with one abstention. The bill on the settlement of statutory provisions issued before 1960 was approved unanimously.

Following the voting the president of the State Office for Church Affairs delivered a report on the church policy of the state and the work of the office.

Miklos on Church-State Policy

LD172336 Budapest MTI in English
1735 GMT 17 Dec 87

[Text] Budapest, December 17 (MTI)—As reported, the Thursday session of the Hungarian National Assembly discussed the report of the president of the State Office for Church Affairs on the church policy of the state and the work of the office.

Under Secretary of State Imre Miklos, president of the State Office for Church Affairs, pointed out that relations between the state and the churches and religious denominations have been settled for a long time.

"The present favourable situation is the result of decades of development marked by struggle and search for ways, which led from opposition through responsibility assumed in the building of socialism to joint work serving the benefit of the homeland," he said.

Imre Miklos further recalled the main events that brought a radical change in the relationship of the state and the churches. He spoke about the separation of the state and the churches and the agreements between the state and the churches, under which the churches and the religious denominations recognized the state system and laws of the Hungarian People's Republic and the state guaranteed conditions for the free practice of religion by the Constitution.

Discussing the alliance policy of the Hungarian Socialist Workers' Party, placed on new foundations, he pointed out that it has enabled religious people to participate in the building of socialism as equal citizens without conflicts of conscience.

Penetrating changes within the churches have also played a part in the emergence of the more favourable situation. With far-reaching theological work, they reassessed their relationship to society and streamlined the laws regulating the internal life of the churches. They accepted that the freedom of conscience and the free practice of religion should not be considered contrary to civic rights and duties.

The speaker recalled that the continued improvement in church political conditions led to the partial agreement concluded in 1964 by the Hungarian People's Republic and the Vatican, which gave a push to the development of relations between the Hungarian Catholic Church and the Holy See, as well as between the Hungarian Government and the Vatican.

"The freedom of conscience and religion prevails uninterruptedly in Hungary," Imre Miklos continued. "The present situation conforms to the Helsinki Accords and creates good conditions for further development as well. We regard ideological affiliation, including the religious, as a private affair of citizens, and therefore we keep no official record of the number of our religious compatriots. Religious conviction should not be a source of advantage or disadvantage.

Children of religious parents may participate in religious education. The churches run priest training institutes, the Catholic and Reformed Churches and the Jewish denomination maintain secondary schools and have the press and communication opportunities necessary for religious activity.

The churches and denominations appoint or elect officials according to their laws. The state holds in respect the autonomy of churches, but it is a common interest to place persons in leading church posts who observe the state laws of our common homeland and consider it a duty to encourage others to do so. This is why certain ecclesiastic positions can only be filled with the preliminary consent of the state.

It is already natural that, similarly to other communities, the churches can express their views on questions concerning the entire people. The social and political public forums are open to the representatives of churches, and there are regular consultations between leaders of social organizations and the churches. The struggle for peace and security has been from the onset one of the most important areas of political cooperation. The churches play an active role in the Hungarian solidarity movement, and forward [passage indistinct]

Imre Miklos reported on the social-welfare activity of the churches, which fits well into the welfare care system of the government and the social movements. He said the churches play an active part in supporting physically and mentally handicapped people and the elderly in need of help. The state provides moral and financial assistance for the maintenance of church welfare institutions, and

supports church efforts at introducing new forms helping the social integration of alcoholics and young people at risk. This is one reason why it gave its consent to setting up several new church social-welfare homes and a new monastic order for women to promote the social-welfare work of the Catholic Church.

The Hungarian churches actively contribute to shaping relations with Hungarians living beyond the borders and to fostering the native language. At the same time, they pay due attention so that minority believers in Hungary could practice their religion in their native language, Imre Miklos said.

Then he pointed out that in recent years the dialogue between Marxists and believers have intensified and yielded new results. On Hungarian initiative, the first international Marxist-Christian dialogue was held in Budapest in 1984, and last October the first international conference of Marxist and Catholic Scholars took palce in Budapest. In a major result of dialogue, the partners were able, while clinging to their world outlook and despite the ideological differences, to discuss a number of crucial issues of humankind and society and to shoulder common responsibility. The Hungarian Marxists and religious people continue to be interested in the development of international dialogue.

Thereafter he spoke about those who do not like to see the churches having found their place in the socialist system. Certain persons and smaller heretic groups cannot and do not even want to identify themselves with the road covered so far. They are scheming to alter the course of development. While attacking the socialist state, they do not refrain even from discrediting their own churches. In fact, they cause damage to the Hungarian nation and turn against the socialist social system and our policy of alliances.

The leaders of Hungarian churches and the church centres, including the Vatican, are encouraging people to observe the state laws. In our work, we give adequate attention to the aforementioned negative phenomena, but we do not wish to join in the internal disputes of churches in the future either, said Imre Miklos.

The speaker firmly condemned sporadic cases of religious intolerance and radical prejudices from whatever side.

He then stated that the State Office for Church Affairs maintains continuous substantive relations with the international church organizations. In keeping with the partial agreement of 1964, we regularly meet representatives of the Vatican, he said. The 1977 meeting of Janos Kadar and Pope Paul VI was an outstanding event in the consolidation and development of relations.

Many-sided dialogue is carried on with the Lutheran World Federation, the World Council of Churches and the Conference of European Churches, and there are regular and meaningful meetings with, out of the world organizations of denominations affiliated to the Council of Free Churches, the General Conference of Seventh-Day Adventists and the Baptist World Federation.

Continuous cooperation and consultation with church offices in the Socialist countries is an important area of our international activity, Imre Miklos said.

He reported that the state regularly provides a sum of 75 million forints to help cover the personal and material expenditures of the churches. The greater proportion of the sum is distributed by church leaders within their own competence.

Imre Miklos stated in the course of the development of church policy it has been proven that in the building of socialism and the solution of problems faced by mankind there are numerous common goals and tasks, for the accomplishment of which religious and non-religious people can successfully work together on a lasting basis.

The principles and practice of Hungarian church policy have served with evidence: A socialist society does not compel the churches to assume a neutral or opposition role, since there is the alternative of creative dialogue and cooperation. In our experience, this view is shared by the Hungarian church leaders and the overwhelming majority of priests and the faithful, Imre Miklos concluded.

The National Assembly approved the report of the president of the State Office for Church Affairs.

Berecz Comments on Miklos Report

LD172341 Budapest MTI in English
2025 GMT 17 Dec 87

[Text] Budapest, December 17 (MTI)—The Parliament debate on the report presented by the president of the State Office for Church Affairs was addressed by Janos Berecz, member of the Political Committee of the Hungarian Socialist Workers' Party and secretary of the Central Committee.

He said, "I agree with the report of the president of the State Office for Church Affairs. Over the past 30 years we have realized and formulated that our society is divided from the ideological point of view. As we live in a society of divided interests, the cooperation of state and church sets a good example for the possibility of political understanding and practical cooperation if we are all governed by the responsibility to shape the present and work for the future.

"The cooperation between the state and the church rests on such basic principles as mutual respect and the clever treatment of questions ripe for solution.

"We communists are of the view that our church policy is in accordance with the alliance policy of the Hungarian Socialist Workers' Party.

"The state-church relation poses two main tasks to the state. Firstly, to create conditions for the relations of institutions. The necessary agreements have been concluded, and there is a relevant provision in the Constitution. The second task is important for the citizens: Whether they can freely exercise their religion. This is also a constitutional right ensured by other laws as well. The office has the duty to operate accordingly.

"Political unity, which reckons with ideological differences, presupposes the cooperation of equal partners.

"What we have to do is not to convince our ideological partners with political means, but to give answers to the questions of the age which are considered persuasive, correct and constructive by all citizens, religious and atheists.

"I deem it a historic achievement of the HSWP that religious people in Hungary need not turn against their homeland or belief if they live and work in this society according to the Constitution. The standard for us to measure everybody's conduct is not the quality of conviction or belief, but the relationship to the country, the place occupied in social practice and participation in socialist building work, Janos Berecz said.

Janos Berecz pointed out that people of any ideological orientation may include and do include adherents of progress who have to find each other in the service of progression, and there might be, and there are indeed, fanatics imbued by hatred and uncapable of cooperation on either side. In my opinion, such are today persons within the churches who do not want to foster the belief of young people, but want to use them for political ends, people who do not strive to augment and enrich this belief, but strive to set religion against commitment for the homeland and international progress and the social obligation of all sound patriots.

"Nor is the other side free of political intolerance with political manifestations supported by official means, and these may cause painful wounds. This is not good either. Social progress and idological conviction are compatible if we are loyal to the homeland, socialism and peace," Janos Berecz said.

Then the speaker spoke about two major bonds linking church and state, communists and other members of society. One is the historic experience that when the churches expressed the interests of the nation and served the cause of development, the nation become stronger, its culture grew richer and the country's prestige increased. When, however, their conduct reflected ideological intolerance, they divided the nation.

We wish that the Hungarian churches uphold in cooperation the unity of the socialist Hungarian nation and the implementation of our noble goals, which cals for mutual patience and understanding, and not for dividedness. This is also true in the international sense. The HSWP requests the churches, too, to meet every international commitment in a way that it serve the benefit of the nation, said Janos Berecz.

The other source is dialogue which is conducted on a national scale and, already with our support, in international dimensions as well. The success of dialogue is attributable, for one thing, to its point of departure having been respect for the partner and, for another thing, to the openness and responsiveness of both parties. We do not want to alter our basic values, nor do we expect others to do so. But the meaning of dialogue is to gain new things necessary for the continuation of our work. The third cause of success is that we have gone, if slowly and with difficulty, to the length that dispute has by now come to serve action, and dialogue today is already aimed at looking for opportunities of joint action useful for all of us.

Possible sources of common action are ideological tolerance, political cooperation towards the aims set, appreciation of moral values and effort to enrich human values, Janos Berecz said in his contribution.

Riot Police Disperse Martial Law Protesters

AU171342 Paris AFP in English
1331 GMT 17 Dec 87

[Text] Warsaw, Dec 17 (AFP)—Riot police used batons to disperse 2,000 demonstrators at Katowice late Wednesday while tight security was deployed to prevent hundreds of Solidarity supporters marching in the streets of Gdansk, opposition and other informed sources said.

Zomo riot police wielded truncheons against demonstrators at the southern mining city of Katowice and arrested about 100 people who had attended a memorial mass for nine miners killed in clashes with security forces on December 19, 1981, the informed sources said.

At a meeting after the mass, spokesmen for the outlawed Solidarity trade union attacked government policies and called for the release of all political prisoners in Poland.

The Zomos charged the demonstrators as they marched towards a jail where Solidarity leader Jan Andrzej Gorny has been held for several weeks, opposition sources said.

A major deployment of riot police at Gdansk prevented hundreds of Solidarity supporters from marching after a service at Saint Brigitte's, the parish church for the Gdansk shipyards. The service was to commemorate the 1970 workers' revolt in the Baltic port.

The torch-lit mass was attended by former Solidarity leader Lech Walesa. Later, demonstrators chanting Mr. Walesa's name and anti-government slogans attempted to march through the city but found streets cordoned off by police in riot gear. No incidents were reported as the demonstrators dispersed.

Last Sunday, police broke up a meeting and Solidarity march to commemorate the sixth anniversary of the proclamation of martial law by Polish leader Wojciech Jaruzelski.

The 1981 state-of-emergency led to the dissolution of Solidarity and the internment of thousands of supporters of the union. Martial law remained in force until July 1983.

On Wednesday, Lech Walesa warned Polish authorities that an "explosion of popular discontent" loomed as "workers, particularly the younger generation, despaired of living in a catastrophic situation, without hope of any improvement in their situation".

He said changes being introduced in the Soviet Union, where leader Mikhail Gorbachev has undertaken a restructuring ("perestroyka") of Soviet society, were being observed by Poles "with attention and hope".

On Tuesday, General Jaruzelski said he was determined to push through the programme of economic and political reforms drawn up by the government, despite the rebuff received in last month's referendum.

Further on PZPR Central Committee Plenum

Jaruzelski Delivers Opening Address

LD151139 Warsaw Domestic Service in Polish
0900 GMT 15 Dec 87

[Speech by PZPR Central Committee First Secretary Wojciech Jaruzelski at the PZPR Central Committee's sixth plenary session in Warsaw—live]

[Text] Comrades: I open the debates of the second part of the sixth plenum of the PZPR Central Committee. I welcome Roman Malinowski, chairman of the Supreme Committee of the United Peasant Party, ZSL, speaker of the Sejm of the PPR. I welcome Tadeusz Witold Mlynczak, chairman of the Central Committee of the Democratic Party, SD, deputy chairman of the Council of State. I welcome all invited guests. They include a group of veterans, eminent activists of the Polish workers' movement, and delegates to the PZPR Unification Congress.

It was 39 years ago precisely, on 15 December 1948, that our party came into being. According to the design of its creators, the great achievements of our predecessors, the Polish Workers' Party and the Polish Socialist Party, constitute the historical basis and the still relevant source of inspiration for our—undertaken in contemporary times—quests and decisions.

Comrades, on 12 December a member of the Central Committee, a Warsaw printer known to us all, Comrade Albert Kosowski, died. In his demise we lose a merited party and social activist, an active and sensitive man. Let us mark his memory by a moment of silence. Thank you.

Comrades, since the end of the first part of our plenum little time has passed but much has happened, not just within Poland. All this creates a specific context within which we should think about the questions of how to hone our agenda ideas and strengthen the party's ideological and political identity.

We shall enter into our debate in a concrete political situation connected with the referendum held 29 November. Its idea was the consequence of the 10th congress, which pointed out the need to carry out the extremely difficult and responsible choice regarding the scale and pace of economic reform. We did not wish to resolve the issues connected with this without public participation, without acquainting ourselves with its will as expressed in a democratic manner. Failing to do this would constitute an act of voluntarism, or really, an act of adventurism. On the other hand, giving up the presentation of ambitious though less popular proposals would be an act of ordinary opportunism. The only

correct way is the way of truth and realism, that is why the decision to hold the referendum, made by the Sejm on the initiative of the PRON, was received by us with the greatest seriousness. Taking into consideration the possibility of the various referendum outcomes, we decided to divide the deliberations of this plenum into two parts, assuming that the second part of the session would be held in December, after the referendum. Our intentions were, and are, therefore, obvious. To listen to the voice of the people, respect the opinions of the working class, the working people and society: this is one of the main principles of the Marxist-Leninist party.

A preliminary asessment of the referendum results was carried out by the Politburo on 1 December this year. Today we wish this assessment to receive the approval of the Central Committee.

The Sejm has expressed its stance toward the results of the referendum, as has the government. In connection with this, I will limit myself only to indicating several issues primarily concerning the political aspects of the referendum. The conclusions arising from it are complex and consist of many aspects. However, this does not give any foundation to the view that our community is against the reforms. Quite the contrary; the Polish nation is in favor of the reforms, of the democratic changes. The reforms are a vital necessity, and at the same time a regular feature of the development of socialism.

However, we do not wish to gloss over the fact that a significant and legally weighty part of the community has doubts and fears as to the manner of implementing the process of change. The course and results of the referendum constitute a rich material for considerations and analyses, which must be continued without trying to force them into the mold of traditional patterns.

At the same time, there is not the slightest doubt that the referendum became an extremely important, positive event. It evoked great political animation, mapping out new platforms for a broad national dialogue. As a result, a new accord has been concluded, a kind of coalition of reformist forces, encompassing a many million-strong community with an active and creative attitude toward reality. It has strengthened the sense of the political subjectivity of the community, and its trust in the institutions and forms of socialist democracy. As a further consequence, it has broadened the social basis and created a more favorable climate for the reforming the economy and the state. It has demonstrated once again the political barrenness of the antisocialist forces of boycott and negation. It was a good school of political culture, a great political experience, for the community as well as for the authorities. It proved yet again that democracy consists of coparticipation and coresponsibility, the negation of the false division into us and them. It created exceptionally valuable possibilities for the universal economic education of the community. It was an unprecendentedly broad opinion poll. It has brought us much authentic knowledge about the class reality of Poland and the frequently contradictory interests of the various milieux and social groups, about the scale and the geography of our mistakes and weaknesses.

We now have at our disposal a considerably richer knowledge about moods, concrete grievances, and cases of neglect. We know better their location, manifestations, and character. The experience gained in this manner must bear fruit in concrete action by all cells of the party and the socialist state. It will be especially helpful during next year's electoral campaign for the people's councils.

Some state that we put the crossbar too high. Indeed, the legally adopted solutions were very difficult. Nonetheless, profound social reforms must be a conscious choice. Transformations on such a scale, especially in our country, cannot be implemented effectively with support weighed on a chemist's scales. They require the involvement of millions. In the November referendum, millions recognized that the transformations will become their own deed. The necessary amendments and modifications will confirm this even more strongly.

The institution of the referendum henceforth enters into the practice of our public life for good. It is a high form of partnerlike, authentic dialogue between the authorities and the community. We should avail ourselves of this very important form of the democratic functioning of our state in the future as well, both on the national and on the voivodship, municipal and parish level. However, the most important result of the referendum is the deepening of social trust. We cannot fail it. This is for us a priceless value. We must protect it and multiply it.

Through the referendum we have proved, in an especially emphatic way, that we treat our obligations toward the working class and the nation, and our intention for a genuinely democratic manner of discharging authority, with the utmost seriousness. Nobody should have any doubts today that our party is a reforming force. Contrary to how it used to be in the past, we are not defending solutions which are no longer effective. We are heading for a new form of social life. We are and will remain the driving force of socialist transformations, and their ideological and intellectual vanguard. The line of reforms is the party line.

Implementing this line requires the winning of social support and the creation of a wide-ranging social movement for the reforms. A special role is given here to party activists who were members of citizens' committees for the referendum and who gained extremely valuable experience.

It is worth proposing here that these committees be transformed into an organized social force which would follow and stimulate the implementation of reform.

Allow me, on behalf of the Central Committee, to express satisfaction at society's extensive participation in the referendum and at the same time to convey sincere thanks to party members and members of other parties, and social and youth organizations, all social activists, and above all PRON activists for their efforts and great work done during the referendum. Allow me, comrades, to draw your attention to a great event of contemporary history—the recent visit to Washington by the CPSU general secretary, during which he represented so nobly and effectively before the whole world the peaceful interests and reasons of socialism. I shall not dwell on the details as there is no lack of information on this, including yesterday's television speech by Comrade Gorbachev.

However, I wish to emphasize the significance of the meeting in Berlin. The Berlin meeting was yet another example of a new style of alliance contacts and consultations, the proof of mutual confidence and respect and the increasing application of close and direct forms of cooperation.

Our party, the government, and the entire Polish nation welcomed the commencement of the liquidation of two categories of nuclear missiles with huge satisfaction; with respect and acknowledgement for the decisions adopted by the leaders of the two great powers.

Besides the military significance—(?including) the removal of weapons aimed at our country—this act has an enormous political and psychological significance. When, almost 2 years ago, Comrade Gorbachev presented his vision of a planet entirely free of nuclear arms, this provoked diverse reactions in world public opinion.

Most people acknowledged this idea as the only realistic alternative in the face of the specter of nuclear extermination. The West's most aggressive circles discerned here a threat to their egoistical class interests. There was no lack of sceptics who considered a nuclear-free world to be a noble but utopian idea. December 1987 has brought a clear and convincing reply. A world without nuclear arms is still remote; but for the first time it has become a step more possible.

This is a distinct proof of the purposefulness, the correctness, and above all the effectiveness of the foreign policy of the Soviet Union and the entire socialist community. At the same time it is a pointer to the future. A new stage in the peaceful offensive of socialism is beginning. By influencing public opinion, human minds and hearts, it is thereby becoming a material force; it gradually narrows the field for maneuver of the extreme spokesmen of anticommunist confrontation. From today, in the climate created by the Washington visit, it acquires even greater weight.

(?But I say): the road is still (?difficult). One should reckon on various attempts at disrupting it. The realistic trends in the West, in the United States, are not yet quite permanent. The influences of the militaristic circles are still strong. The problems of the reduction of strategic arms, the elimination of chemical weapons, the cessation of nuclear tests, await solution, although the talks devoted to them were very useful.

Also urgent is the consolidation of the European security bases, including the complicated questions of a rational reduction of conventional arms. Europe is today more secure than it was a week ago. But this does not mean it is already safe. Demands are being heard that the reduction brought about by the liquidation of the two classes of missiles should be compensated for by an accelerated growth in and modernization of other arms, especially conventional.

We are aware of the great historical responsibility that rests upon the Soviet Union, on the socialist countries. It requires the steadfast unity of our parties; the coordination of (?their) actions and initiatives, the sum total of which comprises the dynamics of the socialist peace initiative.

The PPR will continue to make all efforts to add its active and creative contribution to this great cause. Our historical chances, to an ever greater degree, will depend on the strengthening of socialism, on the success of the renewal and restructuring process [pol przebudowa]; on the constant enrichment of values, which in the eyes of our nations and the whole world, make our political order, its ideology, politics, and economy, more and more effective and attractive.

Comrades I propose the following clarification to the agenda of our debate, which was adopted during the first part of the sixth plenum of the Central Committee. First is the speech by Zbigniew Messner, Politburo member and chairman of the Council of Ministers. Second is a report on the party-government commission's work to review organizational structures in the economy and state, which will be presented by Comrade Marian Wozniak, Politburo member and Central Committee secretary.

After this, the discussion; during it, a report on the celebrations in Moscow of the 70th anniversary of the Great October Socialsit Revolution, and a report on the international meeting of parties, movements, and social organizations, which will be delivered by Comrade Jozef Czyrek, Politburo member and Central Committee secretary.

Next: organizational matters; then we will end the debate and adopt the appropriate resolutions.

Have the comrades any observations on the proposed agenda? [pause] In that case, I request that it be voted on. Who is for the proposed agenda? [pause] Thank you. Who is against? I see no one. Who abstains? I see no one.

Thank you. I ascertain that the proposed agenda for the debates has been adopted. Now I ask Comrade Zbigniew Messner to take the floor.

Reform Resolution Approved

LD172203 Warsaw PAP in English
2055 GMT 17 Dec 87

[Text] Warsaw, Dec 17—The Central Committee approves the program of deep political and economic reforms presented in the report of the Political Bureau. We affirm the will of the Polish United Workers' Party to continue the necessary transformations in Poland.

We are setting more goals. We are precisely and critically analyzing the contradictions and mistakes which hamper transformations, which slow down progress. We are being guided by a conviction that the solution of national problems, satisfying social needs calls for an acceleration of socialist reforms of the economy and state. Stopping at hitherto ones would pose a threat of stagnation or even regression.

The referendum is entering the Polish model of socialist democracy for good as a trustworthy form of expressing social opinion and will. It has proved that the social front of reformative forces is expanding. Although it did not bring about a binding result, it nonetheless showed broad support for the program of transformations.

We will act in favour of complex reforms, carried out effectively, harmoniously and consistently—both in the field of economic life and the mechanisms of governing.

We are entering a new stage of the development of socialist democracy.

We speak in favour of strengthening all that in our political system which releases social energy, knowledge and initiative, which upgrades civil co-responsibility, deepens conscious discipline, which consoldiates openness and law abidingness, develops guarantees of civic rights and freedoms, in favour of a decisive elimination of all that which creates barriers to useful activity, which breeds a feeling of division between those governing and those being governed, which constitutes the underpinning of bureaucratic deformations. In this we discern the most important conditions for the growth of the socialist state's strength and of increased efficiency of its bodies.

The Central Committee thinks that works should be wound up in 1988 aimed at the following:

—The further democratization of the electoral law on elections to people's councils,

—Amendments to the law on the system of people's councils and local self-government,

—Simplifications in the structures of local state administration serving the lifting of the effectiveness of their activities and improving services rendered by them to citizens. The constitutional order and the reason of state of People's Poland is and shall remain the foundation of dialogue and an unviolable borderline of socialist pluralism.

Qualitative economic changes are today indispensable for an increase in the effectiveness of production and the better satisfaction of the needs of working people. In its striving to accelerate these changes the party has initiated the economic reform which it is ready to consistently implement. The Central Committee speaks in favour of fully putting the second stage of reform into effect. It endorses the directions of modifications and complements to the implementation program of the reform stemming from the referendum and the discussion which preceded it.

We consider the attainment of economic balance as the most urgent task today, first and foremost, through an increase of goods and services supply and lowering the costs of production.

We will consistently put into effect the agricultural policy elaborated jointly with the United Peasants' Party, the policy of equal rights between sectors, the profitability of efficient production, of linking progress in economic activities with an improvement of the living conditions of residents of the countryside. Along with the Democratic Party we will aim to create stable conditions for socially advantageous operations of handicraft and other forms of private business.

We voice our support for the carrying out of a modern, open and dynamic policy of personnel selection and training, which opens the way to promotion for the best, favours, to a greater degree than has hitherto been the case, people with initiative and energy, people who will be able to stand up to the rules and requirements of the economy under reform and of an efficiently functioning and democratic country. We hold the opinion that the successive 7th plenary session of the (PUWP) Central Committee should be devoted to an analysis of the party personnel policy and the determination of more effective forms and methods of the realization of its goals.

Approving the evaluations and goals presented in the Political Bureau's report and in the first secretary's addresses the Central Committee accepts them as guidelines for the work of party instances, organizations and members.

Resolution Backs INF Treaty

LD172153 Warsaw PAP in English
2049 GMT 17 Dec 87

["PUWP CC Resolution in Wake of Washington Summit (Excerpts)"—PAP headline]

[Text] Warsaw, Dec 17—The Central Committee of the PUWP expresses its full support for the Soviet-American treaty on elimination of medium- and shorter-range

missiles. We are of the opinion that it corresponds to the hopes of European nations and the peaceful aspirations of entire humanity. It signifies the first step of crucial significance on the road of effective disarmament, and brings closer the materialization of the vision put forth by Mikhail Gorbachev two years ago to free our planet from nuclear weapons by the end of the 20th century. The admission that a nuclear war should never break out and that there can be no winners in such a war confirms the growing realism in the international relations. The planned cut by half of strategic offensive nuclear weapons, prevention of transferring the arms race into outer space, elimination of chemical weapons, reduction of armed forces and conventional weapons, political solutions to regional conflicts and cooperation on global scale—this is a difficult but realistic programme of securing a lasting peace in the world.

For our nation, peaceful coexistence and the development of international cooperation as well as the construction of a system of universal security result from historical experiences and constitute the Polish reason of state.

We shall continue to make a concrete contribution to the new political thinking on world issues which is being shaped by the socialist community. The PUWP Central Committee expresses a conviction that the plan to reduce armaments and increase confidence in central Europe, presented by PUWP CC First Secretary Wojciech Jaruzelski last May, fully corresponds to this task.

The PUWP Central Committee is of the opinion that trends to "compensate" for the eliminated American medium- and shorter-range missiles by means of intensified European armaments in other areas should be firmly opposed. Such a course of developments would be totally contrary to the spirit of the concluded agreements and one imposing a new, expensive and highly dangerous arms race on Europe. We appeal to all forces coming out for the consolidation of peace and security on our continent to jointly oppose to emerging threat.

The PUWP Central Committee fully approves the results of the meeting of leaders of states-parties to the Warsaw Treaty held in Berlin on December 11.

Jaruzelski Cables CPCZ's Jakes on Election

LD172216 Warsaw PAP in English
2132 GMT 17 Dec 87

[Text] Warsaw, Dec. 17—Polish leader Wojciech Jaruzelski sent on Thursday a congratulatory cable to Milos Jakes in connection with the latter's election to the post of secretary-general of the CC of the Communist Party of Czechoslovakia.

"Knowing you as a tried activist of the fraternal party and state—says the cable in part—I express the conviction that under your leadership Czech and Slovak communists will successfully develop and enrich the great achievements of the Communist Party of Czechoslovakia in the cause of the construction of socialism, its significant contribution to the consolidation of unity, cohesion and strength of the socialist community, to the creative development of the theory and practice of socialism.

"I would like to assure you about the great importance the Polish United Workers' Party attaches to further consolidation of close ties uniting our parties and based on common ideas and goals and on the traditional friendship between our nations. Cordial, all-round relations between our parties, states and nations, broad political and economic cooperation, consolidation of the alliance with the Soviet Union and all the states of the socialist community lie in the deepest interest of Poland and Czechoslovakia. I am convinced that this friendship and cooperation uniting our nations, neighbours for centuries, will be consolidated, enriched and deepened, accelerating the development of both st tes, strengthening their security, advantageously servir g the interests of peace and socialism" says the cable.

Radio Reports Changes in CPCZ Leadership

AU171841 Bucharest Domestic Service in Romanian 1800 GMT 17 Dec 87

[Text] A plenum of the CPCZ Central Committee has opened in Prague. CTK announces that the CPCZ Central Committee examined Comrade Gustak Husak's request that he should be released from the positions of general secretary and member of the Party Secretariat. The Central Committee accepted this request, valuing highly Comrade Gustav Husak's work as CPCZ Central Committee general secretary, thanking him for his long, fruitful, and creative activity as the head of the state, and expressing the conviction that he will continue to contribute actively to resolving tasks on further developing socialism in the country in his capacity as CSSR president and member of the CPCZ Central Committee Presidium.

On his own behalf and on behalf of the CPCZ Central Committee Presidium, Comrade Gustav Husak proposed that Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, should be elected to this position. The plenum unanimously elected Comrade Milos Jakes as CPCZ Central Committee general secretary.

In the second part of the plenum, in accordance with the established program, the plenum is discussing the report of the CPCZ Central Committee Presidium on the consistent implementation of the 17th CPCZ Congress policy of accelerating socioeconomic development, promoting comprehensive restructuring, and deepening socialist democracy, a report presented by Milos Jakes, general secretary of the CPCZ Central Committee.

Further Reportage on Visit of FRG's Genscher

Confers With Totu

AU171940 Bucharest AGERPRES in English 1928 GMT 17 Dec 87

[Text] Bucharest, December 17, 1987—Talks took place on December 17 in the morning between Ioan Totu, minister of foreign affairs of Romania, and Hans-Dietrich Genscher, vice-chancellor and foreign minister of the Federal Republic of Germany.

They analyzed the current stage of the Romanian-West German collaboration relations and the possibilities to further develop them, especially in economy, technology and science, in the spirit of the summit understandings.

Analyzed were also some international problems of mutual interest.

The vice-chancellor and foreign minister of the Federal Republic of Germany laid a wreath at the Memorial to the Heroes of the Struggle for the Freedom of the People and the Homeland, for Socialism, the same day.

The Romanian foreign minister gave a dinner for the guest.

Discusses Emigration to FRG

LD171442 Hamburg DPA in German 1318 GMT 17 Dec 87

[Excerpt] Bucharest, (DPA)—Federal Foreign Minister Hans-Dietrich Genscher had a "clear and unambiguous discussion" with his Romanian counterpart, Ioan Totu, about the further emigration of almost 240,000 Germans in the country. This was stated by a spokesman for Genscher in Bucharest on Thursday. The Romanian side has so far shown little willingness to increase the number of 12,000 Germans who have left annually so far. Genscher is also likely to face a difficult talk with state and party leader Nicolae Ceausescu. In the past, Bonn has paid a discreet DM 8,000 to Bucharest for every immigrant.

Genscher has emphasized in the past that the problem has to be solved "as soon as possible." In contrast, the Romanian side says that it fears that the "gap" left by the emigrants cannot be filled very quickly. German specialists are much sought after in Romania. In the past, state and party leader Ceausescu had spoken out against the "sale" of the national minorities in his country. There are also 2 million Hungarians in Romania who have placed a burden on relations between Bucharest and Budapest for years.

According to his spokesman, Genscher also discussed in detail planned food deliveries from the FRG to Romania with Totu. [passage omitted]

Meets With Ceausescu

AU171939 Bucharest AGERPRES in English 1923 GMT 17 Dec 87

[Text] Bucharest, AGERPRES, 17-12-1987—President Nicolae Ceausescu of the Socialist Republic of Romania received, on December 17, Hans-Dietrich Genscher, vice-chancellor, foreign minister of the Federal Republic of Germany, now visiting Romania.

The guest addressed President Nicolae Ceausescu a cordial salute from Richard von Weizsacker, president of the Federal Republic of Germany, and of the Federal Chancellor Helmut Kohl.

The Romanian head of state thanked and asked that the president and federal chancellor of West Germany be conveyed a warm salute and best wishes.

During the interview, views were exchanged at length on the stage and prospects of the Romanian-West German relations and on current international issues.

In context, the wish was expressed to develop further the many sided relations between Romania and West Germany, on the basis of equality of rights, observance of

national independence and sovereignty, non-interference in domestic affairs and mutual advantage. Stress was laid on the importance of expanding and diversifying economic cooperation, development of cooperation in production, the increase of trade exchanges, expansion of collaboration between Romanian enterprises and West German companies. The wish was also expressed to intensify cooperative links between the two countries in the technico-scientific and cultural fields.

Major international issues were examined and the concern was expressed over the current world political situation which is very serious and complex and emphasis was placed on a new approach to peace and war problems, of interstate relations, the need to take consistent, firm action for detente, the settlement of states of tension and conflict only by peaceful means, by negotiations, the cessation of the arms race and the achievement of disarmament, nuclear first and foremost.

During the interview it was shown that the signing of the Soviet-American treaty on the removal of medium- and shorter-range missiles recently was a historic event worldwide, which would give a new impetus to the struggle for peace, the efforts for the gradual elimination of all nuclear arms. It was also stressed that a passage should be made to the elimination of chemical weapons and a substantial reduction of conventional weapons, of troops and military spending, that action should be taken to achieve a balance of arming at the lowest level.

Special attention was paid to the strengthening of security and cooperation in Europe, with emphasis on the special importance of confidence-building and collaboration among all countries of the continent, so that it should make a growing contribution to building a united Europe of collaboration, understanding and peace.

During the talk, it was shown that the strengthening of collaboration between the two countries bilaterally and worldwide was to the benefit of both peoples, of the cause of peace, security and cooperation in Europe and worldwide.

Ioan Totu, Romanian foreign minister, attended the interview.

Leaves Bucharest

AU172037 Bucharest AGERPRES in English 2007 GMT 17 Dec 87

[Text] Hans Dietrich Genscher, vice-chancellor and foreign minister of the Federal Republic of German, who paid a visit to Romania, left Bucharest on December 17 in the evening.

The guest was seen off at the Otopeni Airport by Romanian Foreign Minister Ioan Totu, by other Romanian officials.

Andrei Receives Soviet Planning Official

AU041626 Bucharest AGERPRES in English 1608 GMT 4 Dec 87

[Text] Bucharest, AGERPRES, 4/12/1987—Stefan Andrei, deputy prime minister of Romania, received on Friday, December 4, V.I. Smyslov, first deputy chairman of the State Planning Committee of the USSR, who paid a visit to Romania.

During the interview, they approached aspects of the further development of the Romanian-Soviet links of economic and technico-scientific collaboration.

Stefan Birlea, chairman of the State Planning Committee, attended the interview.

E.M. Tyazhelnikov, ambassador of the Soviet Union in Bucharest, also attended.

RCP National Conference Continues Discussions

AU161325 Bucharest AGERPRES in English 1211 GMT 16 Dec

[Text] Bucharest, AGERPRES, 16/11/1987—The National Conference of the Romanian Communist Party continued Wednesday, December 16, when discussions resumed in plenum. The first part of the morning meeting was chaired by Alexandrina Gainuse, first secretary of the Ialomita County RCP Committee.

The delegates and guests were told that 4,811 telegrams and letters had been sent to the National Conference of the Romanian Communist Party, to the General Secretary Nicolae Ceausescu personally, by party, mass and public bodies and organizations, state organs, working collectivities in all fields reporting outstanding achievements to honour the great Romanian communist forum and wish it full success. The telegrams and letters voice the firm determination of the communists, of all working people to take action with a communist sense of responsibility and revolutionary spirit for the exemplary fulfillment of the tasks put before them by the report that Nicolae Ceausescu read at the conference, as well as by the documents that the conference will adopt.

All people who sent telegrams and letters to the conference were warmly thanked and made wishes of further success in work.

Taking the floor were Manea Manescu, member of the Executive Political Committee of the CC of the RCP, vice-president of the State Council, Iosif Szasz, alternate member of the Executive Political Committee of the CC of the RCP, first secretary of the Caras-Severin County RCP Committee, Ion Mitran, editor in chief of newspaper SCINTEIA, Ion Toma, first secretary of the UCY [Union of Communist Youth], Iulian Plostinaru, first secretary of the Botosani County RCP Committee, other representatives of working collectivities in industry, agriculture, education.

National Assembly To Meet 23 Dec

AU180953 Bucharest AGERPRES in English 0744 GMT 18 Dec 87

[Text] Bucharest AGERPRES 18/12/1987—The Grand National Assembly bureau decided that the sixth session in the ninth term of the Grand National Assembly (Romania's parliament) resume works in plenum on December 23, 1987, at 10:00 hours.

Peoples Councils Legislative Chamber To Meet

AU180958 Bucharest AGERPRES in English 0744 GMT 18 Dec 87

[Text] Bucharest AGERPRES 18/12/1987—Under a presidential decree signed by President Nicolae Ceausescu of Romania the People's Councils' Legislative Chamber is convened on December 22, 1987.

Branislav Milosevic Expelled From LC

LD172238 Belgrade TANJUG Domestic Service in Serbo-Croatian 1827 GMT 17 Dec 87

[Text] Belgrade, 17 Dec (TANJUG)—Branislav Milosevic, chairman of the Republican Committee for Education of Serbia, has been expelled from the LC. This decision was passed this evening at a Stari Grad LC-Municipal Committee session. The reason stated in an explanation was the politically harmful consequences of his text "Item J" [Tacka Pod J], published in May in NIN, as well as the polemics he conducted in the public information media in this connection. Apart from this, the municipal committee submitted the criticism of the Red Publishing House Basic LC Organization, in which Milosevic had party links. Examining the same problems, it had recently relieved him of ideopolitical responsibility.

SFRY Chamber Endorses Draft Federal Budget

LD171536 Belgrade TANJUG Domestic Service in Serbo-Croatian 1338 GMT 17 Dec 87

[Text] Belgrade, 17 Dec (TANJUG)—The SFRY Assembly Federal Chamber today endorsed the draft federal budget for 1988 to the tune of 5,769.8 billion dinars. This is an increase of 87.1 percent compared with this year's budget.

The largest share of the budget is earmarked for the Yugoslav People's Army and stands at 3,840 billion dinars. The Army will, in fact, receive about 200 billion less than requested or a decrease of 5 percent. Even with the reduction its share has increased by 92 percent on the current year.

The underdeveloped republics and Kosovo stand to receive 447 billion dinars, a decrease of 5 percent, while the rest (334.4 billion dinars) is earmarked for war veterans and invalid benefits, military pensions and federal organs and for the federation's outstanding commitments and reserves.

Mamula Speaks on Kosovo, National Defense

LD172322 Belgrade TANJUG Domestic Service in Serbo-Croatian 1423 GMT 17 Dec 87

[Text] Belgrade, 17 Dec (TANJUG)—In establishing the tasks and volume of funds for financing the Yugoslav People's Army [YPA] from the federal budget in 1988, we have started primarily from the policy of the country's socioeconomic development established by the Yugoslav social plan, and from the essential facts of the modern military and political situation in the world and its possible reflection on the security of our country.

This was stressed by Admiral of the Fleet Branko Mamula, federal secretary for national defense, at the beginning of a report on the draft of the federal budget for next year.

He first stressed the significance of the recent meeting between the leaders of the two superpowers that resulted in an agreement announced a long time ago on eliminating and destroying medium- and short-range missiles in Europe. "This certainly presents a huge international and, in particular, military-political event, since this is the first case in history that protagonists in the international community have reached an agreement to destroy, and not just ban, one part of the so-called absolute weapons that have always been outside every offensive strategy. It would be normal to expect that the climate created in relations between the superpowers would also have a favorable effect on the negotiations to decrease nuclear arms, eliminate chemical weapons, reduce conventional arms, gradually stop nuclear tests, coordinate stands on some regional problems and deal with a series of other burning issues facing the world today, Mamula said.

A hope has been offered to all peace-loving and progressive forces in the world that after [words indistinct]. People believe that it is becoming understood that the problems should be approached from different positions, which would lead to essential disarmament as a universal world process. Undoubtedly, such a process would have a positive reflection on strengthening the security of all nations of the world and on resolving the burning economic and development problems that are also burdening the developed part of mankind and are holding the underdeveloped on the margin of existence and starvation.

So, there is every reason to raise the question of whether or not the world today, on the threshold of the 21st century, is at a historic crossroads and at the beginning of a new epoch, essentially different from all the preceding ones—the epoch of peace, or whether or not this only one of the stages in better relations between the two superpowers, caused by some of their internal and external reasons. This question is not being asked accidentally. It should be remembered, Mamula said, that the most recent agreement on eliminating Euromissiles includes only a small part of the nuclear potential of the superpowers (about 4 percent). Therefore the overall arsenal of nuclear arms is not being essentially decreased, nor is the danger from it being used. To this should be added, in particular, the fact that in addition to other measures, there is discussion of possibilities to strengthen low-yield nuclear weapons and conventional forces that already include weapons of area effect [oruzja prostornog dejstva] whose ultimate effect of demolishing and destoying is no less than that of tactical nuclear arms.

The Balkans have always been a significant factor of strategic options for major European and non-European countries. The Balkans continue to be an important strategic area where many political and military-strategic interests overlap. Here there are certainly also all other contradictions and intolerances caused by historical heritage and various pretensions in the region.

Therefore the most recent Yugoslav initiative, which has been accepted by all Balkan countries is encouraging, Mamula stressed. Regardless of the fact that for the time being we cannot reliably envisage all the results of this

conference, there is no doubt that it will mean strengthening of mutual confidence, and this is also the way for all other solutions in the future.

However, I must say that recently certain earlier options and territorial claims toward Yugoslavia and parts of its territory have become topical, which should be most directly linked with the exacerbation of the situation in our society and the assessments of this situation by military and political factors in the region and further afield in Europe. Under the motivation that certain parts of our territory are of strategic interest for the security of some neighboring countries, possibilities for a military intervention have been discussed, which fall into wider strategic discussions on the application of so-called frontline defense. In accord with the principles of this strategy, it is envisaged that their armed forces would extend onto our territory, while fewer and fewer opportunities are envisaged for our defenses to beat off or contain an attack from an opposing military bloc over our territory.

It is indicative that some of our neighboring countries last year and this year formed significant forces for rapid intervention and raised the level of the readiness of the forces stationed along our border, which must be linked with the assessments of a possible negative development of the situation in our country.

From the viewpoint of the country's security, the situation in Kosovo is of exceptionally great significance. According to some foreign assessments, it is precisely in Kosovo that the violation of Yugoslav territorial integrity could start. So it should be borne in mind that further exacerbation of the situation in Kosovo could lead to foreign interference, even to the internationalization of this problem. Consequently, the appetites of some of our neighbors would almost certainly increase, and the options of big powers toward certain parts, even the territory of Yugoslavia as a whole, would rekindle.

Accordingly, Mamula said, it must be clear to us that, desirable or imminent as it may be, relaxation of tension in international relations is far from reaching that stage that would free us from the concern for our own security. Furthermore, this detente, at least for the time being, will not be of a universal nature. There is no need to underestimate the importance of this detente, but it should not be overestimated either. This is true especially from the aspect of security for small countries whose increasingly conspicuous economic difficulties, development problems, great indebtedness, and technological dependence on the developed countries are being used increasingly as the basis for the strategy of their economic and political subjugation, and ultimately of their military subjugation too.

Having then pointed out that a faster and more efficient way out of the social crisis is of paramount importance, both for the security of the country and for consolidation of its overall defense capability, Mamula said:

The events in the country that have the most unfavorable impact on the members of our Armed Forces are those that jeopardize the unity of the self-management and nonaligned Yugoslavia and that threaten the defense and protection integrity of the Yugoslav multinational community. In the view of Army members, nationalism has assumed alarming dimensions in our society and, unless we decisively bar its further progress, it is, objectively speaking, threatening us with unforeseeable consequences.

This also has an adverse effect on our Armed Forces in which we notice a growth of actions from nationalistic positions. Albanian nationalism, which has recorded a 50-percent increase and which accounts for 57 percent in the total number of such events, still predominates. There has been a 41-percent increase in Serbian nationalism, a 39-percent increase in Slovene nationalism, and a 20-percent increase in Muslim nationalism.

In keeping with Tito's understanding of Yugoslavdom and Yugoslav social patriotism, our Armed Forces resolutely oppose any form of nationalism—separatist nationalism as much as unitarist nationalism—and all forms of violation of the equality of our nations and nationalities, and also all tendencies that proclaim all social movements toward consolidating the unity of the country to be unitarist.

Within the limits of its legal powers, our military organization is doing everything in its power to suppress the activity of the enemy within its ranks and is relatively successful. This year, the activity of four illegal groups associated on positions of Albanian nationality have been discovered who, before coming to the YPA, were members of illegal enemy groups in the field. A considerably greater number of men were discovered who, in other ways, operated from positions of Albanian nationalism before joining the YPA.

Within the framework of intensified activity by anti-socialist forces in the country and of the attacks on the basic values of our society, there has been a visible increase in the number of attacks on the YPA, our Armed Forces on the all-people's defense, and the concept of social self-protection as a whole. These attacks range from verbal and written propaganda, crude, provocative, and insulting extremist attacks, to physical assaults, and even terrorist attacks on YPA members and military objects. These attacks were up 50 percent over last year. More intensive activity by foreign intelligence services against the vital issues and forces of our defense system has also been registered. The pressure on our citizens, especially on people subject to military service doing temporary work abroad, has also been considerably intensified.

On several occasions already, we have drawn attention to the fact, Mamula recalled, that some circles in our society have been trying to peddle the theses to our public at large that military-defense concepts of a militia type or some other type are more suitable to our system of self-management than that which we have adopted

and which we are implementing. I don't believe there is any need to explain the damaging effect, the backdrop, and all the possible consequences of such manifestations. Our country's top leadership took clear stands on this, confirming it in every single phase of the latest military and political development and of our internal situation.

On this occasion, too, I would like to stress that such behavior demoralizes the people who, in the peacetime army and the wartime armed forces, are making an enormous effort to build an efficient defense and protection system for our country. All social environments, especially those in which these manifestations are most frequent, must make greater efforts in the pursuit of a more efficient struggle against all the aforementioned and similar manifestations, regardless of their motivation.

Recently, some social environments have presented obstacles to the allocation of resources for the YPA. The ideas are suggested that the amount of resources set aside for developing the Armed Forces should be subject at any one time to the development in international situations, when very often the situation is neither well understood nor realistically evaluated.

In addition, the well-known fact that no institution in a society, and this applies particularly to the Armed Forces, is in a position to build its development policy and its plans on a short-term basis is totally lost sight of. This is especially true since the programs are of a technical nature, and other Armed Forces modernization plans are of a long-term nature, representing a continuity in the implementation of contract negotiations and highly organized and systemic work over a period of many years.

The medium-term YPA development plan for the period of 1986-90, as an integral part of the Yugoslav social plan, Mamula said, envisaged that 5.2 percent of national income should be secured for army requirements which, as an orientation, was also confirmed at the time when the annual resources to finance the YPA were being coordinated and the resolution on the policy of the implementation of the Yugoslav social plan for 1986 and 1987 was being adopted.

The securing of these agreed resources to finance the YPA was accompanied by great difficulties, both in obtaining this volume of resources and with regard to the pace of their inflow. The difficulties were particularly manifested this year, partly because of the unfavorable economic situation in the country and partly because of the way these resources are secured.

Therefore, a comprehensive solution of the question of ensuring the resources for the YPA requirements on a stable and long-term basis cannot be postponed. The solutions are contained in the draft amendments to the SFRY Constitution, and their substance lies in the fixing of reliable sources and in a faster and simpler procedure to lay down and adopt the budget when dealing with the resources for these requirements, Mamula stressed. He then went on to speak at length about the changes to the YPA development plan up to 1990.

As far as the officer cadre is concerned, I must stress once again, Mamula said, that despite the measures taken this year, they registered a continued decline in the overall extent to which formation posts of military personnel on active service can be filled. The reasons for this phenomenon must be sought primarily in the inadequate social valuation of the military calling, its weight and specificality, increasingly frequent attacks and even the campaign of sections of our press against the YPA and its officers, to whom even the role of a usurper and occupier is attributed, and also in the decline in the standard of living of the officers over a period of many years. In addiiton, the national, republican, and provincial equality in filling the YPA posts has been seriously infringed.

The standard of living of members of the YPA follows the destinies of the section of our society that lives exclusively from work and its results. Despite all the efforts we are making, the standard of living of the officers is declining annually. Approximatley 40 percent of officers whose wives do not work, almost 7,000 bachelors, and officers in the areas where the cost of living is higher are in a considerably more difficult situation. The problem is rendered even more difficult by the fact that apartment construction for officers and civilian personnel has been slowed down. As a result, in the YPA now there are a great number of civilian personnel and almost 12,000 military personnel on active service who have no accommodation of any kind. We are exerting the greatest efforts within the limits of the opportunities available to us to improve the situation affecting the officer categories under the greatest threat, and in 1986 and 1987 we had to introduce new or increase the existing service allowances for transfers, for separation, to improve the situation of unmarried officers, and to compensate for the higher cost of living where it is conspicuously higher than the Yugoslav average (for instance in Slovenia). Despite all the differences on the cost of living and the salary averages on Yugoslav territory, we remained with the standard salary system, except for the allowances I have mentioned, because the payments system is an essential factor of YPA unity.

Proceeding from the fact that the planned medium-term objectives of our material development will not be carried out in 1988 either and also from the orientation of our society to reduce the outgoings of the economy to finance the requirements of general and joint consumption, the extent of the resources to finance the YPA will be reduced by 5 percent in the next year, as indeed in this year. Thus the resources made available to the Army to cover its requirements remain at the 3.84-billion dinar level or 4.94 percent of our national income. In the existing conditions, this means an approximate 2.02-billion dinar reduction in the volume of resources in relation to the 4.042 billion dinars that would have been slated if the resources to finance the Army next year had

been allocated in accordance with the orientation inherent in our medium-term social plan and estimated national income of 77.734 billion dinars, Mamula stressed.

It is obvious that this amount of resources to finance the YPA, and especially their reduction in real terms, in an objective and limiting way influences the possibility of satisfying the requirements of its development in accordance with the earlier medium-term plan.

We are seeking the solutions required for our development under the existing conditions by restructuring the plan and trying not to give up the major technical modernization programs, although some YPA equipment programs have been reduced, some have been slowed down, while we have to give up some programs.

The Army will do everything possible with the available amount of resources in 1988 to maintain and raise the necessary degree of combat readiness.

The YPA members are conscious of the great difficulties in which our country is in and of the expenditure sustained by the economy to meet the overall social requirements and especially debt expenditure, which secures YPA needs. However, it is clear that the present international military and political situation, regarding periodic optimistic forecasts, requires that for many more years we will have to set aside considerable resources to strengthen our security and defense, Admiral of the Fleet Branko Mamula, federal secretary of national defense, said in conclusion.

Mikulic Optimistic on Debt Rescheduling

LD172329 Belgrade TANJUG in English 2255 GMT 17 Dec 87

[Text] Titograd, December 17 (TANJUG)—Yugoslavia's proposal concerning the reprogramming of its foreign debt has met with the understanding of the creditors and there is no reason for an eventual moratorium or similar moves, Yugoslav premier Branko Mikulic told Yugoslav television this evening.

Mikulic underlined that he is convinced the International Monetary Fund and the World Bank will accept Yugoslavia's request for the reprogramming of its debt principal, which stands at 18.5 billion dollars.

The creditors have favourably reacted to Yugoslavia's Anti-Inflationary Program and have set no special condition for the reprogramming, particularly in view of the fact that Yugoslavia is the only one of the 31 debtor countries which regularly met all its obligations to creditors until last summer, Mikulic said.

He said that the reprogramming of debts and the interventionist measures recently taken by the Yugoslav Government will create conditions for a faster restructuring of the economy and for a more dynamic development policy. Real conditions [words indistinct] for overcoming the economic crisis, Mikulic said.

Larger investments will be made in propulsive industrial branches and new [word indistinct], cuts will be made in spending, and actions will be taken to cut production costs and end the covering of non-profitable production.

Yugoslavia has adopted an ambitious program of technological development and a series of operative measures for its implementation. It will actively take part in technological trends in Europe, Mikulic said. Yugoslavia is interested in joining the Eureka program.

Asked whether Yugoslavia wishes to enter the European Economic Community, Mikulic said that expectations like this are unrealistic at the moment. Yugoslavia wants to have highly developed economic and other links with the world, but as a nonaligned country it must take into consideration the bloc division in Europe, the Yugoslav premier said.

Krunic Addresses Situation in Kosovo

AU171925 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 17 Dec 87

[Text] Bosko Krunic, president of the LCY Central Committee Presidium, who is visiting Kosovo, conducted talks with leaders of Titova Mitrovica and neighboring communes today. Bosko Krunic said the following about the political security situation in Kosovo:

[Begin recording] You, the presidents of the committees and of all the communes, said here that the political situation is assessed to be favorable. Of course, I do not want to enter into polemics. We have come to listen, and we have heard good reports illustrating this. The situation is favorable to the extent—if I properly understand this—that it is more favorable than yesterday. But let us not be satisfied with it at all, above all because of the fact that the process of emigration continues, if for no other reason. This process affects a number of other negative consequences and opens the way to negative tendencies.

Of course other problems exist that must be tackled, but I will believe that your assessment of a favorable situation is, in fact, your perception and your assessment that the situation is turning in a favorable direction, that it is improving. It is improving and taking a favorable direction, to the extent that it is influenced by organized subjective forces and unified activities in Kosovo, in every commune and in every community. This is the real lesson for our further work.

You see, we are now facing a situation in which everyone in this country who has a hostile orientation has Kosovo on his mind and speculates in various ways on the

Kosovo situation and the prospects for development of relations in Kosovo, because, of course, destabilization of Yugoslavia is in the interest of all of them.

We should not respond to this only by arresting the enemies. This, in fact, is the ultimate response, and it is, after all, a matter of law. We should respond by creating the unity of all the forces in Kosovo and by ensuring the implementation of our programs and our political precepts. I think that support for the progressive forces of Kosovo from all of Yugoslavia is also very important, and it is in this sense that we say that Yugoslavia is in Kosovo and that we all bear responsibility for the solving of the problems here. [end recording]

Bosko Krunic, president of the LCY Central Committee Presidium, addressing the leaders of Titova Mitrovica and the neighboring communes, also spoke about the explosion in the birth rate and the need to conduct an active population policy, the significance of the Yugoslav program for overcoming the unfavorable Kosovo situation, Albania's harmful policy toward Kosovo and Yugoslavia, which we will report more fully in the "An Argument More" program at 1630.

For the "News of the Day," we select another portion of Bosko Krunic's speech in Titova Mitrovica. It refers to cadre differentiation in the province:

[Begin recording] You know that one of the conclusions of the ninth session [of the LCY Central Committee on 26 June 87] was to examine the responsibility of a number of cadres, leading cadres, for the Kosovo situation or rather for the nonimplementation of the tasks to stabilize the situation contained in the platform of 1981 and afterwards. The question may be raised whether this differentiation has been delayed. I think it has. However, I think that now the decks have been cleared for a further clarification of the situation and for the solving of the Kosovo problems. This is because some of these unsolved problems hindered the action and restrained the impetus in implementing the tasks arising from the 1981 platform.

Secondly, I think that it is wrong to think that differentiation and other measures taken against the most responsible officials in Kosovo, or rather a number of the most responsible officials in Kosovo, are an expression of some excess occurrences immediately before that. It is, above all, a matter of responsibility that objectively arises from the very fact that it concerns men who contributed most to the situation, or rather did not contribute to the prevention of unfavorable tendencies and the flow of nationalism and the flaring up of irredentism in Kosovo.

This is one thing. Another thing is that it is a matter of judgment that these people did not, properly and concretely, join in the effort to solve the problems that have arisen and to realize the tasks arising from the 1981 platform. [end recording]

This afternoon, Bosko Krunic will address the Kosovo political aktiv in Pristina.

Radio Reports Albania 'Denouncing' Reform

LD171934 Belgrade TANJUG in English 1539 GMT 17 Dec 87

[Text] Belgrade, December 17 (TANJUG)—Of late, Albania has been more and more often denouncing reforms in "revisionist countries," considering them to be "nothing else but measures deepening capitalist processes in all fields."

The course of such and suchlike evaluations is directed by Ramiz Alia, Albania's state and party head, confirming his loyalty to "the line of independence and national sovereignty left by the late Enver Hoxha in trust." This line has not by chance come under attack at hands of "imperialist, revisionist and reactionary foes of all colours," he sees it. They "would like to see us carrying out reforms here taking Gorbachev as a model. This will never be, however," he added.

In Alia's opinion, this would mean Albania's "changing its social order, liberalising the power of the dictatorship of the proletariat." They would like to see Albania changing its foreign relations, desisting from its fundamental principles, from Marxism-Leninism and Comrade Enver Hoxha's teachings."

In pointing out that since the victory of its revolution "the Albanian people has made miracles," Ramiz Alia sent word that Albania, in the same way "as it was will remain closed to everything and everybody who poses a threat to and violates Albania's independence and national sovereignty, the freedom it enjoys and its socialist life. [no closing quotation mark as received]

The chief of the Albanian Party of Labour also sent word to "foes" in the world that "the Albanian people and its Party of Labour are going to live even on grass, if need be, but will never sell themselves very cheaply," the Albanian Telegraphic Agency (ATA) newscast.

Voicing its "concern" over "purity" of socialism in the world as being "the only one country consistent to Marxism-Leninism" and to Stalin, it goes without saying, Tirana not only rejects any changes in Albania, but also criticizes many socialist countries taking the way of reforms.

Thus, referring to some "pearls" in its famous propaganda glossary, the Albanian radio is trying to make its listeners believe that, as part of the Soviet Union's perestroyka (restructuring), introduced has been a wage reform which, "first and foremost prompts an elite fattening." The radio also made mention of "other revisionist countries", saying their reforms "are instigating conventional capitalist forms."

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